



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**THE ALIGNMENT OF SMALL STATES:  
SINGAPORE AND VIETNAM**

by

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December 2011

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**THE ALIGNMENT OF SMALL STATES: SINGAPORE AND VIETNAM**

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## **ABSTRACT**

China's economic growth and military modernization over the past decade presents a foreign policy challenge to Southeast Asia. The balance of power in Asia, so long dominated by the U.S., is beginning a shift toward China. At the same time, China is growing more assertive toward its neighbors. This thesis seeks to explain how Singapore and Vietnam are reacting to this change. Using the existing literature and the historic example of Finland's policies in the last century, it presents alignment behavior as a negotiating process between states. These negotiations are both constrained and driven by realist concerns, existing institutions and domestic politics, which affect the speed and the form that changing relationships and alignments take. Presented in this manner, this theory offers two distinct explanations for the policies of Vietnam and Singapore. In Vietnam, the concern over the threat of China, coupled with a lingering mistrust of the United States, has led to a distributed balancing approach that spreads Vietnam's security reliance among a number of regional powers. In Singapore, the limited threat China presents and the resolution of other regional threats relaxes the need to balance and enables Singapore to view the rise of China as an opportunity.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BMD	Ballistic Missile Defense
BTA	Bilateral Trade Agreement
CMEA	Council for Mutual Economic Assistance
CPV	Communist Party of Vietnam
CSCE	Conference on Security and Cooperation in Europe
EFTA	European Free Trade Area
FCMA	Treaty of Friendship, Cooperation and Mutual Assistance
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
ISR	Intelligence, Surveillance and Reconnaissance
JCBC	Joint Council Meeting for Bilateral Cooperation
JMSDF	Japanese Maritime Self-Defense Force
JMSU	Joint Marine Seismic Undertaking
OEEC	Organization for European Economic Cooperation
NORDEFECO	Nordic Defense Cooperation
PLA	Peoples Liberation Army
PLAAF	People Liberation Army Air Force
PLAN	People Liberation Army Navy
SEACAT	Southeast Asia Cooperation Against Terrorism
TPP	Trans-Pacific Partnership

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## **I. INTRODUCTION**

China's rapid economic growth and military modernization over the past decade presents a foreign policy challenge to the nations of Southeast Asia. The balance of power in Asia, so long dominated by the U.S. presence, is beginning a shift toward China, aided by its growing strength and physical proximity. At the same time, China has recently begun to diverge from its early efforts at a charm offensive and is growing more assertive and demanding toward its neighbors. This thesis seeks to explain how two specific states in Southeast Asia, Singapore and Vietnam, are reacting to this change.

While traditional international relations theories offer various predictions on how these states will respond to this challenge, the real world response is less distinctly defined. Traditional theories of alliance formation that sought to explain the behaviors of Western Europe in the nineteenth and twentieth centuries are less applicable to small states in today's interdependent world. In the post-Cold War world, alignment between states has replaced formal alliance as the black and white nature of the bipolar world has been replaced by a more fluid international structure. This allows for a greater range of options for small states to engage with the larger powers. Additionally, most of the theories frame the discussion on the behavior of small states as a stark choice between balancing and bandwagoning that can be implemented or switched instantaneously. While this type of switch does happen in certain circumstances, it is atypical of how states shift alignment in general.

This thesis seeks to provide a more fine-grained and nuanced analysis of the behavior of these states by drawing on a broad mix of international relations theory ranging from structural realism to neoliberal institutionalism to the second order effects of domestic politics. Using the existing literature and the historic example of Finland's policies of the last century, it presents alignment behavior as a negotiating process between states. These negotiations are both constrained and driven by realist concerns, existing institutions and domestic politics, which affect the speed and the form that changing relationships and alignments take. Presented in this manner, this theory offers two distinct explanations for the foreign policies of Vietnam and Singapore. In Vietnam,

the real concern with the threat of China coupled with a lingering mistrust of the United States has led to a distributed balance approach that spreads Vietnam's security reliance among a number of regional powers. In Singapore, the limited threat China presents and the resolution of other regional threats removes the need to balance and enables Singapore to view the rise of China as an opportunity.

## **A. IMPORTANCE**

American relative strength, so dominant at the end of the Cold War, is on the decline and the unipolar international system that it created is giving way to increasing multi-polarity at the regional level. This change in the international structure will require states to reconsider and potentially alter their existing relationships with other states. In this context, answering the question of how states establish new allegiances and decouple themselves from existing ones in order to balance against a threat has several important applications. It offers depth to existing international relations theory, especially structural theories, that often treat alliances between states as a switch in allegiance that is immediately transferred from one to the other. This depth can provide better understanding of the process and not just the results, which then facilitates predictive analysis and can influence policy. By analyzing the process in previous case studies, it may be possible to predict how states may behave in the future or what current behavior indicates about the strength of relations between two states. Additionally, understanding which types of relationships between states (diplomatic, ideological, military or economic) are 'stickiest' may allow policy makers to prevent or reverse alliance shifts by emphasizing those types of relationships.

The rise of China presents the United States with one of its most difficult foreign policy challenges since the end of the Cold War. The United States must successfully manage not only its relationship with China but also with those states that are increasingly influenced by China. To do this, policy makers must understand how reactions to this new influence will manifest into state behavior. The two states in question are particularly important. If Singapore's growing economic relationship with China is the first stage in a shift in alignment away from the United States and toward

China, it presents a potentially grave picture for the U.S. alliance structure in Asia. Singapore has been a long-time friend of the United States and an important security partner, so if China's rising power is capable of undoing those strong ties it certainly has the potential to unravel America's less substantial links to other states in the region. Singapore is also a lynchpin in the U.S. security structure in the Pacific. It provides maintenance facilities for U.S. Naval vessels and is home to the Navy's logistics command, COMLOGWESTPAC, which provides logistics support for Navy and Marine Corps forces operating in the Seventh Fleet AOR. Losing access to these facilities would require a large-scale restructuring of the Navy's logistics and support system in the western Pacific.

While Vietnam's relationship with the United States is newer and lacks the existing military importance of Singapore, its influence in the region is growing stronger. The economic reforms implemented in the 1980s and its growing participation in ASEAN since the 1990s has given Vietnam a larger role in Southeast Asian decision making. Its behavior and alignment choices could influence its weaker neighbors such as Cambodia and Laos. Vietnam is also presented with a different set of challenges in managing its alignment than Singapore. Its geographic proximity and history of conflict with China create additional constraints on Vietnamese foreign policy. By examining how Vietnam is managing its relationships in the face of those challenges, a determination can be made about how they either accelerate changes in alignment by increasing the threat that needs to be balanced against or decelerate changes in alignment through fear of retribution.

While the focus of this thesis is on Asia, this analysis can provide a more general approach that has broader applications. The growing strength of regional powers such as Russia, India, Brazil and even the European Union may present states in these regions with new, potentially more palatable, alternatives to the U.S.-dominated system. The lessons learned by understanding how Singapore and Vietnam are managing their foreign relations in response to China's increasing power, and contrasting them with historical examples, can provide insight into how these other regions may react and provide potential avenues for other research.

## **B. LITERATURE REVIEW AND HYPOTHESIS**

The following section will discuss the prevailing theories concerning when and how alliances form from three different analytical perspectives, realism, neoliberal institutionalism and domestic political influence. After those examinations, the following section will use the theories presented to develop a hypothesis that addresses how balancing behavior may actually manifest itself in a state's foreign policy and what factors may constrain or promote those changes.

### **1. Formation of Alliances**

Most international relations theories are intended to explain how states deal with anarchy. For realists and neorealists alike, that anarchy can only be overcome by achieving a balance. Realists typically argue that states will engage in internal balancing or ally themselves with other states to offset or balance against a more powerful state.<sup>1</sup> Stephen Walt adds additional conditions that influence a states balancing and bandwagoning behavior. According to Walt, states are inclined to balance or bandwagon, not in response to power alone, but in response to external threats, of which power is only one factor. The additional factors that Walt believes influence a state's perception of threat include geographic proximity, the offensive nature of the power and a state's intentions. The closer a state is, the more offensive its weapons are, and the more aggressive it is perceived, the more likely it is to inspire alliances, either with it or against it.<sup>2</sup>

Walt concludes that, in general, states are more likely to ally with other states in order to balance against a perceived threat but they may bandwagon under specific conditions. He identifies three factors that encourage bandwagoning. 1) Weaker states are more likely to bandwagon because they are more vulnerable to aggression from the threatening state and they do not have the strength to determine their own fate. 2) States

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<sup>1</sup> Hans J. Morganthau, *Politics Among Nations: The Struggle for Power and Peace*, 5th ed. (New York: Alfred A. Knopf, Inc, 1973); George Liska, *Nations in Alliance: The Limits of Interdependence* (Baltimore, MD: Johns Hopkins Press, 1968); Kenneth M. Waltz, *Theory of International Politics* (Long Grove, IL: Waveland Press, Inc, 2010), 113–28.

<sup>2</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1990), 21–26.

with few, if any, potential alliance partners are more likely to partner with the threatening state. 3) States with less aggressive intentions are more likely to trigger bandwagoning because others will believe that by allying with the threatening state it can appease the threat and avoid harm.<sup>3</sup>

Randall Schweller treats the concept of balancing and bandwagoning differently. He claims that the concepts are not opposite reactions to the same stimulus, an increase in threat, but are instead two different strategies that states adopt depending on their goals. A state whose primary goal is security is more likely to balance and a state whose primary goal is profit is more likely to bandwagon. This separates states into those who are satisfied with the status-quo and those who are not. Status-quo states exposed to significant external threats are more likely to balance against the rising threat because their goal is security. Revisionist states are more likely to bandwagon regardless of the presence of a threat. In fact, Schweller asserts, “revisionist powers are the prime movers of alliance behavior. In the absence of a reasonable external threat, states need not, and typically do not, engage in balancing.”<sup>4</sup>

A combination of the theories of Walt and Schweller is especially useful in the cases of Singapore and Vietnam. Schweller’s assertion that states do not balance except in the presence of a significant external threat helps to explain the broad foreign policies pursued by both states in the decade after the Cold War. As will be discussed in the later chapters concerning each of these states, both Vietnam and Singapore, through their growing integration in the global economy are decidedly status-quo powers, which means that, when confronted with a specific threat, as defined by Walt, both states are likely to balance against that threat. It should be assumed then that as the threat from China grows, both Vietnam and Singapore would be expected to move closer in alignment with a balancing power.

What these theories do not address is how nations pursue alignment with a balancing power. The next section will address that issue.

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<sup>3</sup> Walt, *The Origins of Alliances*, 172–78.

<sup>4</sup> Randall L. Schweller. “Bandwagoning for Profit: Bringing the Revisionist State Back In.” *International Security* 19, no. 1 (Summer 1994): 72–107.

## 2. Alignment Processes

Whereas the previous section discussed the conditions that led to the initiation or alignments, treating these arrangements as instantaneous processes, this section will discuss the processes that lead to the formation of alliances. By examining the historical cases from 1879 to 1914, Glen Snyder analyzes the formation alliances and the factors that contribute to the character of these commitments, characterizing the formation of these alliances as a bargaining process between two or more states. His analysis shows that the alliance negotiations during this period were preceded by “a period of overtures and probes, apparently intended both to ascertain whether an agreement was possible and to accustom governments and public opinion to its prospects.”<sup>5</sup> These overtures included diplomatic exchanges, loans, military exchanges and exercises, as well as sharing of technology. He describes these as a way of breaking up the formation of an alliance into smaller steps that are easier for both states to accept.<sup>6</sup>

His examination concludes that maintaining the balance of power is the dominant motivation in alliance formation, but that negotiations are typically finalized due to a specific threatening event or the failure of negotiations for an alternative arrangement. Without such motivation, states may be inhibited from forming alliances by concerns over provoking other states or to avoid settling while a number of options are still available to them.<sup>7</sup> He claims that the flexibility of the multi-polar system during the time period analyzed was not as significant as is commonly held, so states had few, if any, alternatives for alliance partners, which accounts for the limited ambiguity in the selection of alliance partners during that period. By inference, one could assume that an environment with few threats and a greater availability of partners would also account for a greater ambiguity and more flexibility.

The decline of the Soviet Union allowed just this type of flexibility in Asia. Without the presence of an identifiable external threat, Singapore and Vietnam have been

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<sup>5</sup> Glenn H. Snyder, *Alliance Politics* (Ithaca, NY: Cornell University Press, 1997), 155.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid., 1–5, 142–46.

allowed to pursue external relationships with few external restrictions imposed on them and without the need to settle on one in particular partner. The economic and diplomatic behavior exhibited by both states during this time can be seen as a milder form of the type of overtures described by Snyder as prenegotiating behavior, a way of exploring their alternatives and testing out the diplomatic water during a period when their actions would not be viewed as especially provocative.

Snyder then examines how, once established, states maintain their alliances. He characterizes this maintenance as an ongoing negotiation in order to avoid being “abandoned” or “entrapped” in which bargaining power is defined by dependence on, and commitment to, the alliance. He defines dependence as a comparison of the benefits a state receives from the alliance and the benefits available from an alternative source, either through another ally or by developing a state’s own capacity. Commitment is defined as “an arrangement of values that disposes one to act in a certain way.” Increased dependence on, or commitment to, an alliance reduces a state’s bargaining power, increasing the chance of entrapment and limiting its options when threatened with abandonment.<sup>8</sup> While Snyder’s work is based on military alliances, many of the same ideas about bargaining can be applied to patterns of alignment. Both are driven by threats, as well as shared interests and issues. As Snyder states, “alliances are simply one of the behavioral means to create or strengthen alignments.”<sup>9</sup> Certainly the lack of formality in an alignment increases the fluidity of the relationship and provides more opportunities for abandonment than entrapment but states must still manage those relations in a similar manner.

### **3. Constraints on Alignment**

While the above theories have outlined the motivations for alignment, states do not always act as these theories predict. If, as Walt states above, states balance in response to threat then the first thing that may lead to a failure to balance as predicted is ambiguity in the threat environment or an inability to correctly identify a threat.

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<sup>8</sup> Glenn H. Snyder, *Alliance Politics* (Ithaca, NY: Cornell University Press, 1997), 165–69, 307–08.

<sup>9</sup> *Ibid.*, 8.

Identification of a threat requires understanding not only capabilities but also intentions. It is the latter that presents difficulties for states attempting to determine if their neighbor is a threat. This is particularly true for both Singapore and Vietnam. China's capabilities are clearly documented, but it is less well understood what their intentions are. Another aspect of threat that may delay balancing behavior can be derived by unpacking some of the criteria that Walt lays out for bandwagoning behavior. By looking at bandwagoning for security as a type of indefinitely delayed balancing behavior, one can also say that an imminent, proximate and clearly defined external threat can severely hinder a state's balancing behavior through coercion.

When alignment is viewed as a negotiating process between states, as discussed by Snyder, there are several internal and external factors that can also constrain states from making the types of alignments that most serve their interests. Internally, domestic factors can play a part in the alignment choices states make. This is argued primarily in association with large democratic powers due to their greater room for error and open political debate. In his book-length work, *Weak States in the International System*, Michael Handel dismisses the importance of domestic politics on the foreign policy of weak states in the first page of the introduction stating:

Domestic determinants of foreign policy are less salient in weak states. The international system leaves them less room for choice in the decision-making process. Their small margin of error and hence greater preoccupation with survival makes the essential interests of weak states less ambiguous.<sup>10</sup>

The cases of concern in this thesis, particularly Vietnam, present an important challenge to that statement, and so these factors must also be addressed in analyzing these states' behaviors. There are two obvious ways that domestic politics can influence alignment choices. Regime change within a state, either through the violent overthrow of a government or the peaceful turnover in power can result in potentially drastic changes in a state's international orientation. Political infighting within a state can also result in changes in alignment choices when domestic political groups use a proposed alignment

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<sup>10</sup> Michael D. Handel, *Weak States in the International System* (Jerusalem: Routledge 1981), 3.



as a political issue, attacking it as unfair, unequal or unnecessary as a way of differentiating themselves from the dominant political groups.<sup>11</sup> Steven David has argued that third world states with weak central control are particularly susceptible to internal threats. In a concept he calls omni-balancing, he claims that these states are driven by balance of threat, but, when internal threats to legitimacy outweigh the external threats they will choose alignments that allow them to shore up their legitimacy first.<sup>12</sup> This argument is particularly interesting in the context of Vietnam where internal legitimacy is increasingly tied to economic growth.

External constraints can also influence a state's balancing behavior. Existing institutions with multiple partners can make it difficult for states to clearly choose one alignment option over another. Ikenberry argues that "institutions are sticky—they can take on a life and logic of their own, shaping and constraining even the states that create them."<sup>13</sup> He provides two explanations for this. The first is that the startup cost for creating a new institution is prohibitive and gains from an alternative institution must be "overwhelmingly greater before they overcome the sunk cost of the existing institutions."<sup>14</sup> The second is that institutions are entrenched by the mutual obligations and commitments of the parties involved, which are difficult to reverse.<sup>15</sup> Walt argues this same point from a less theoretical perspective, arguing that bureaucratic elements become increasingly tied to the existing arrangement and will tend to resist change.<sup>16</sup> These arguments are succinctly summed up by Lisa Martin who stated, "Because new institutions are costly to create, because actors are risk averse, and because of increasing returns to scale, institutions will show some staying power, even in the face of changes in fundamental variables."<sup>17</sup>

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<sup>11</sup> Walt, "Why Alliances Endure or Collapse," 161–163.

<sup>12</sup> Steven R. David, "Explaining Third World Alignment," *World Politics* 43, (January, 1991).

<sup>13</sup> G. John Ikenberry, "Strategic Restraint, and the Persistence of the American Postwar Order," *International Security* 23, no. 3 (Winter 1998–1999): 68.

<sup>14</sup> Ibid., 72.

<sup>15</sup> Ibid.

<sup>16</sup> Walt, "Why Alliances Endure or Collapse," 166–167.

<sup>17</sup> Lisa L. Martin, "An Institutionalist View," in *International Order and the Future of World Politics*, eds. John A. Hall and T. V. Paul (New York: Cambridge University Press, 1999), 82.

These theories typically focus on broader international institutions such as the World Trade Organization, the United Nations or NATO but the bilateral institutions established between states that create diplomatic, economic or military cooperation can also be subject to this institutional inertia. Because both Singapore and Vietnam have been allowed such latitude in their foreign policies by the open international structure of the past two decades, they have a developed number of informal economic, diplomatic, and to a lesser degree, security institutions with multiple countries. A formal or more concrete choice of alignment would require them to extricate themselves from some of these institutions and would slow the process of balancing as the states worked to establish alternative arrangements that would provide the same benefits.

#### **4. Existing Theories on Southeast Asia**

The dominant theories on Southeast Asia's international relations combine both the realist and neoliberal theories into a strategy that is commonly referred to as hedging. At present, the two greatest influences in Asia are the United States and China, but the lack of any outright hostilities between the two nations makes application any one of the types of alliance theories outlined above difficult at best and a review of the scholarly work on this subject confirms this difficulty. A significant portion of the most recent work describes Southeast Asian country's foreign policy as incorporating two primary goals. The countries there are attempting to engage China economically and diplomatically to facilitate the PRC's integration into the existing system and to avoid alienating it while simultaneously maintaining security ties with the United States to facilitate stability in the region. These strategies are often characterized as "hedging."<sup>18</sup> Evelyn Goh explains this policy in a slightly different way. Describing it as omnimeshment, she claims that Southeast Asia is attempting to involve all of the regional powers in the affairs of Southeast Asia to "deepen their sense of having a stake in the

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<sup>18</sup> Kuik Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia* 30, no. 2 (2008): 159–185. Chien-peng Chung, "Southeast Asia-China Relations: Dialectics of "Hedging" and "Counter-Hedging," *Southeast Asian Affairs*, 2004: 35–53. Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning," *Contemporary Southeast Asia* 27, no. 2 (2005): 305–322.

security of the region's, so that they would be more interested in helping to maintain regional stability,"<sup>19</sup> but at its root, her explanation has many of the same characteristics that others describe as hedging.

While the cases presented in support of the hedging hypothesis cannot be entirely discounted, they need to be reassessed for the following reasons. First, they deal with the entire modern history of these countries foreign relations, and while that provides richness of detail, it does not focus sufficiently on the most recent history, which has been the setting for one of the most dynamic changes in the regional power structure in modern Asia, as will be discussed in Chapter III. Those looking for evidence of a shift in foreign policy by these states should examine that specific period carefully rather than survey the entire record. Second, the concept of hedging is the result of scholarly efforts to describe those behaviors in Southeast Asia that do not fit into the well-defined existing areas of theory. This makes it analytically unsatisfying in that it is not falsifiable, and it can easily be applied to any effort at broad international engagement.

Finally, from a policy standpoint, it is not particularly useful either for the states that are supposedly employing it or the states that must engage with them. For Singapore and Vietnam, hedging is not a viable long-term strategy given the quickening change in the international structure. No number of bilateral agreements with small powers can constrain the larger powers if those agreements run counter to their interests. In one of Goh's earlier works, she claims that Singapore is encouraging further U.S. security engagements in the hopes that it will manifest into greater economic and political discussions to "ensure that China's growing economic power does not completely dominate Southeast Asia,"<sup>20</sup> which sounds a great deal like a traditional balancing strategy. My approach, laid out below, will attempt to utilize the international relations theories discussed above to explain the behavior of Southeast Asia without the ambiguity of the hedging concept.

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<sup>19</sup> Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies," *International Security* 32, no. 3 (2007/08): 113–157.

<sup>20</sup> Evelyn Goh, *Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies*, (Washington, D.C.: East-West Center Washington), 38.

## **5. Hypothesis**

This hypothesis seeks to offer an alternative framework to explain the policies of Vietnam and Singapore. It draws primarily on Schweller and Walt's description of balancing behaviors in response to threat but characterizes those decisions, not as immediate changes, but as a bargaining process between the states, as described by Snyder. It hypothesizes that the speed of this negotiating process is influenced by the clarity of the threat, and the nature of a state's existing relationships.

As a broad theory, when threats are ambiguous, a state will utilize that flexibility to negotiate relatively equal relationships among all potential alignment partners to create an arrangement that offers the greatest potential for gains while avoiding settling on one particular arrangement to prevent that state from becoming entrapped. When a source of threat can be clearly identified, a state must examine whether the benefits gained from its existing alignment out-weigh the benefits from an alternative alignment. If the state's national interest and security will be better provided for by an alternative alignment the state will take action to secure that arrangement. This action will be constrained by the difficulty in divorcing itself from the existing institutions and the need to establish similar arrangements with the new alignment partner without provoking the other. This process will likely take the form of the smaller steps described by Snyder and proceed in sequence from building the less provocative diplomatic and economic relationships and then expanding to security engagement. The timeline for this process can vary. In the event of actual hostilities the process would be rapid as the concern over provocation would be moot. In a peacetime condition, this process can potentially occur over a period of years, and for a state that finds its actions severely constrained by coercive actions from the threatening power, the transition could take decades.

## **C. RESEARCH METHODS AND SOURCES**

This thesis will be broken down into two primary sections. The first part, Chapter II, will examine the remarkable changes in alignment witnessed in Finland since its independence in 1917 when Finland faced similar choices to those the states of Southeast Asia faced today. Conflicted initially between Germany and the Soviet Union, and later

between the Soviet Union and the West, an examination of Finland's actions will serve to enhance both the understanding of how states shift their alignment but also to test the hypothesis presented above. In the second part, Chapter III will set the stage for the two case studies to follow by discussing how the balance of power has begun to shift in Asia. Charting China's growing strength and assertiveness and the United States' concentration in other areas of the world during the first decade of the twenty-first century will provide a better context for the foreign policy decisions made in Singapore and Vietnam. Chapters IV and V will examine Vietnam and Singapore respectively. Both case studies will use existing academic works and diplomatic histories to describe the foreign policy motivations of each state during the second half of the twentieth century. Following these discussions in each case, study will be a focused look at if, and how, those patterns have changed in the last decade.

This time frame was chosen for two reasons. First, while China's economic and military power has been growing for more than three decades, the last decade has shown the greatest growth in their economy and a remarkable modernization of their military, both of which are likely to spark at least a reexamination of existing relationships amongst states in the region. Second, it provides the ability to study the most recent developments and ignore the longer history that could cloud determination of the state's current diplomatic intentions. The case studies will rely primarily on press reporting on diplomatic and military developments, trade and investment statistics and official government statements from all four governments to characterize their changing relationships. The focus on these secondary sources is a limitation imposed by spotlighting the last decade, a period in which there are few declassified diplomatic documents or published biographies by key decision makers to draw direct evidence from.

In an attempt to minimize ambiguities, metrics that characterize a state's level of commitment to another state in the areas of diplomatic, economic and military cooperation will be utilized to measure the general trend in relations between each dyad. In order of increasing commitment, based on the potential for provocation of other states, these factors are: ministerial engagement, trade agreements, summits or meetings of key

leaders, joint economic projects, memorandums of understanding or agreement (especially in military affairs), shared military exercises, formal alliances, joint statements against a threat state and joint military exercises that specifically address a threat state. By examining each states progression along this scale, general trends concerning alignment can be identified. These progressions can then be compared to predictions generated by application of the hypothesis and presented along with policy prescriptions in the conclusion in Chapter VI.

## **II. REALIGNMENT IN FINLAND**

Before moving on to the modern questions of alignment in Southeast Asia, an examination of a recent historical case can present useful context. At first glance, it may be difficult to compare Finland's position in the international community during the last century with the questions facing Southeast Asia in the twenty-first century. To be sure, the nature of the relationship between the United States and China is very different from the one that existed between Germany and the Soviet Union in the early part of the century and between the West and the Soviet Union during the last half of the twentieth century. There is far less animosity or chance for hostilities in the present day, but the slowly growing differences between the United States and China do begin to present the states of Southeast Asia with a potential decision concerning alignment. As with Finland, the states of Southeast Asia find themselves in a vulnerable geographic position. Sandwiched between the Soviet Union and Western Europe, Finland was constrained in its choices for alignment. Similarly, Vietnam, and to a lesser extent, Singapore find themselves inside China's growing sphere of influence while still faced with a sizable U.S. presence in the region, the combination of which restricts their ability to make clear alignment choices. This chapter will chronicle Finland's efforts to reorient their alignment and compare the causes and constraints to those outlined in the hypothesis.

Finland's pre-World War II policies demonstrate how a poorly defined threat environment can prevent a state from taking prompt action to balance against the most immediate threat. Unable to define whether the Soviet Union or Germany presented the greatest danger, Finland chose to pursue a policy of engagement with both states. In the type of bargaining behavior described by Snyder, Finland looked to determine which arrangement was most beneficial knowing that soon it would likely be forced to make a choice. The Soviet invasion removed any lingering doubt and throughout the remainder of the war, as threats rapidly emerged from both sides, Finland clearly chose a policy of balancing against the most immediate threat.

As the war drew to an end, Finland found itself in a situation in which it had few alignment options and was increasingly threatened by the Soviet Union. Under these

conditions, its only option was to bandwagon with the west, not out of a desire for profits but as a way of protecting its security, as described by Walt. But Finland remained a status-quo power, and so immediately began to look for ways to balance against the threat from Moscow. Finland's early Cold War focus of engagement with the West was through economic and diplomatic channels. Its policy was designed to pacify the Soviet Union while still attempting to integrate itself with the Western world. It did this by pursuing the types of relationships with the West that were least threatening to the Moscow. As external conditions changed with the lessening of Soviet pressure, Finland managed a gradual and then accelerated realignment toward the West.

#### **A. FINLAND'S FOREIGN RELATIONS 1917–1948**

Before examining Finland's Cold War policies, it is important to understand the events leading up to and during World War II because they help chart Finland's prior experience in navigating the waters between two powers vastly more powerful than itself. In 1917, Finland declared its independence from the Soviet Union and was immediately embroiled in a civil war between the Whites, supported by Germany and the Reds, supported by the Soviet Union. The Whites prevailed by the end of 1918, and Finland maintained its close relationship with Germany, initially offering the Finnish Crown to a German nobleman (though later withdrawing the offer after the German defeat in World War I) and using German assistance to establish its armed forces. Finland maintained this close alignment with Germany throughout most of the interwar period.

As the threat of a potential clash between Germany and Soviet Union grew in the years before World War II, Finland began to rethink such a close association with Germany. Memory of the Soviets' role in the civil war had begun to fade and the Nazi intentions toward Finland grew increasingly uncertain, leading Finland to question which state posed the larger threat. This resulted in a growing inability to determine which nation represented the greater threat and constrained Finland's ability to balance. Instead, Finland attempted to bargain with both nations to achieve the best possible diplomatic arrangements. Still maintaining its relationship with Germany, Finland simultaneously began to pursue an expanded diplomatic relationship with the Soviet Union. In 1932,



Finland signed a nonaggression treaty with the Soviet Union, and in 1935 the parliament approved a declaration of “Finland’s adherence to Scandinavian neutrality.” In 1937, the new Finnish Foreign minister made Moscow his first visit, during which the Soviets made an offer to provide military assistance to counter a potential German invasion. The offer included the provision that the Soviet Union be allowed to occupy the Finnish islands south of the mainland. Finnish leaders were unwilling to establish such a close security relationship with the Soviet Union due both to concerns over Soviet troops on Finnish soil and fears of provoking Germany.<sup>21</sup> During the same period, Finland continued to maintain its existing relationship with Germany, allowing a German submarine flotilla and naval squadron to conduct port calls in Finland in 1937 and 1938 respectively and welcoming the German Army Chief of Staff in 1939.<sup>22</sup>

Germany and the Soviets began dividing up Eastern Europe in 1939, and the growing unease with Finland’s relationship with Germany led the Soviets invite a Finnish delegation to Moscow. During the visit, they demanded that Finland cede to the Soviets the area along Finland’s southeast border, the islands in the Gulf of Finland and land near the opening to the Gulf of Finland for a Soviet Naval base. The Soviets’ stated intention was to protect Leningrad from an invasion through Finland or the Gulf of Finland, but the Finnish government was concerned that the Soviets might capitalize on a naval base so close to Helsinki, and Finland refused to accept the agreement. Within two weeks, the nonaggression treaty between the two states was cancelled, and the Soviets invaded Finland.<sup>23</sup>

The Soviet invasion erased any ambiguity over which state posed the most pressing threat to Finnish sovereignty and marked the temporary end of Finland’s attempts to engage with the Soviet Union. Finnish forces were greatly out-numbered but managed to stymie the Soviet invasion, and generate a stalemate after less than a month of fighting. Finland’s government looked to the international community for assistance

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<sup>21</sup> Max Jakobson, *Finnish Neutrality* (New York: Praeger Publishers, 1969), 6–10.

<sup>22</sup> Sandra W. Meditz and Eric Solsten, *Finland: A Country Study*, Library of Congress (Washington, DC: Library of Congress, 1988).

<sup>23</sup> Jakobson, *Finnish Neutrality*, 11–12.

but found little. Germany was constrained by its nonaggression pact with the Soviets, and France and Britain's offer of assistance was insufficient to defeat the Soviets and could have brought the war with Germany to the Scandinavian countries. This presents interesting evidence that the credibility of a balancing partner is equally as important as the availability of it. Finland understood that France and Britain's offer was inadequate and so chose not to attempt to balance against the Soviet Union. With no real options for continuing its defense and no viable alignment partners, Finland signed a peace treaty with Moscow in March 1940, giving up huge concessions to the Soviet Union.<sup>24</sup>

In August of that year, Germany offered to sell arms to Finland in exchange for allowing the Germany army passage through to Norway. The Finnish government saw this as a way to counter Soviet pressure and agreed, but when the German's launched their attack on the Soviet Union in 1941 through Finland, the Finnish government's attempts to maintain its neutral position failed. Finland found itself once again at war with the Soviets, this time alongside the Germans, but Finland attempted to put a fine point on its position, declaring that that were fighting a "separate war," and were "not part of the German-Soviet struggle."<sup>25</sup> Finland's army succeeded in taking back the land that it had lost to the Soviets and establishing a defensive zone on their eastern border but refused requests by Germany to continue their offensive toward Leningrad.<sup>26</sup> In this instance, Finland was unwilling to align closer to Germany, potentially challenging the validity of the balance of threat argument. But, Finland policies still reflected an uncertainty about the threat and the eventual outcome of the war.

Despite Finnish efforts to distance themselves from the German War effort, German control of food supplies and other essentials provided the Germans with significant leverage. Germany forced Finland to break diplomatic relations with Britain, which in turn declared war on Finland. Finland was increasingly isolated, but signs of German weakness were beginning to show by 1943 with the defeat at Stalingrad, and Finland began exploring ways to settle a separate peace with the Soviets. Initial talks with

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<sup>24</sup> Jakobson, *Finland in the New Europe*, 33–35.

<sup>25</sup> *Ibid.*, 35–37.

<sup>26</sup> *Ibid.*, 17–19.

the Soviets collapsed though, and the Red Army began a major offensive against Finland, forcing the Finnish army to withdraw. The Soviets demanded unconditional surrender. Germany again offered to provide weapons and assistance in exchange for a promise that Finland would not seek out a separate peace. The Finnish president agreed to the provisions in a personal letter to Hitler, an empty promise since it had not been agreed to by the Parliament. With German assistance, Finland succeeded in stopping the Soviet advance, and the Soviets shifted their focus toward Berlin creating a stalemate in Finland until they signed a separate peace with the Soviet Union in 1944 and turned on the remaining German forces in Finland.<sup>27</sup>

Finland's interwar and World War II foreign policies were defined by its inability to identify the primary threat and take appropriate action. In the absence of a clearly defined balancing option, Finland chose to pursue broader engagement to avoid either provoking a response from Germany or the Soviet Union or settling on specific alignment and risking entrapment as Snyder predicts. In the interwar years, this lack of an immediate threat allowed, and in fact encouraged, Finland to pursue a relationship with both Germany and the Soviet Union. The strength of its existing relationship with Germany delayed Finland's response to the growing threat posed by Hitler, encouraging naval and senior officer visits even as German troops marched into Czechoslovakia, while remaining indecisive about establishing a security relationship with the Soviet Union. The coherency of Finland's security policy broke down completely as it shifted to survival mode, fending off each new threat as it emerged, in what can be described as an attempt to balance against the most dominate threat as one receded and the other grew more pressing.

The end of the Second World War placed Finland in a precarious international position. As was discussed in Chapter I, according to Walt, states are inclined to bandwagon when they are weak and vulnerable to aggression from a threatening state and they have few alliance partners available. In this situation Finland was ultimately forced to bandwagon with the Soviet Union. Finland had fought against both sides of the

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<sup>27</sup> Max Jakobson, *Finnish Neutrality* (New York: Praeger Publishers, 1969), 19–21.

conflict and earned the mistrust of Russians, Germans, French, British and the Americans alike, the country was overflowing with refugees from former Finnish territory that was now occupied by the Soviet Union, and the economy was crippled. Finland was an outcast at a time when ideological lines were being drawn between the east and west, and the United States had indicated which side of that line it believed Finland was on, warning Finland that it would not provide assistance in the event of a conflict with the Soviet Union. In this context, held at arm's length by the west, with the Red Army at its border, and the Soviet Sphere of influence expanding through Eastern Europe, Finland chose to pursue a policy that would pacify the Soviet Union and build its trust.

To that end, Finland immediately began paying the large war indemnity to the Soviet Union, turned down Marshall Plan aid from the United States and convicted senior Finnish politicians for their role in the war with the Soviet Union, all intended as trust building measures.<sup>28</sup> The biggest trust building measure between the two countries came with the agreement on a mutual defense pact entitled the 1948 Treaty of Friendship, Cooperation and Mutual Assistance (FCMA). The treaty was initiated by the Soviet Union but unlike the other defense pacts the Soviets had signed with Bulgaria, Hungary and Romania, the pact that was eventually signed with Finland allowed Finland greater latitude. It called for consultations and mutual agreement in decisions to go to war, and called for Soviet assistance *only if requested by Finland*.<sup>29</sup> In exchange for this security guarantee, Finland was allowed to maintain its democratic system and a relative autonomy in its foreign policy but the treaty placed it clearly within the Soviet sphere of influence. These early Cold War actions by Finland demonstrate reluctance to bandwagon with the Soviet Union. The limitations Finland placed on the wording of the FCMA and the insistence on maintaining its democratic systems demonstrates this. While taking action to ease Soviet strategic concerns, it took great pains to minimize the infringement on its political system and its sovereignty. This reveals the limitations of bandwagoning alignment when it is for security reasons rather than profit and strengthens the idea that status-quo states are more likely to balance. Finland's foreign policies over

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<sup>28</sup> Jakobson, *Finland in the New Europe*, 58–60.

<sup>29</sup> *Ibid.*, 58–60.

the next several decades demonstrate that, rather than bandwagoning, the arrangement could be viewed as a severely constrained form of balancing. The following section examines how Finland began to alter this arrangement in favor of balancing with the West.

## **B. FINLAND'S POLITICAL REALIGNMENT**

This was the state of affairs that Finland had to contend with throughout the Cold War. It was allowed to pursue its own foreign policy initiatives but those initiatives were carefully weighed against the reaction that they might draw from the Soviet Union. This was especially in evidence in the first years of the treaty when conditions were particularly tenuous. In 1949, Finland withdrew from discussions on a Scandinavian defense alliance, and in 1952 Finland opted out of the proposed Nordic Council. Both decisions were due to pressure from the Soviets. But, by the late 1950s, Finnish policies had earned the trust of the Soviet Union and Moscow began to relax their restrictions on Finnish diplomacy.

### **1. Diplomatic Relations – The Cold War**

Diplomatic relations, as opposed to economic or security relations, was the area of Finnish foreign policy that Finland was the most free to pursue. As Moscow's paranoia began to lessen in 1955, the Finns used the expanded diplomatic space to forge new relationships and renew old ones. In 1955, Finland joined the Nordic Council, which coordinated economic and social cooperation (but specifically excluded security cooperation) between the Nordic countries. Later that year, they joined the United Nations. Finland was an active member in both of these organizations and used them to work toward developing regional stability. Finland felt that by acting as a gateway between Europe and the Soviet Union it could help to foster peace and minimize the leverage that the Soviet Union had over it through the FCMA.

One of the most prominent examples of Finland's use of multi-lateral diplomacy occurred in 1975 when Finland hosted the Conference on Security and Cooperation in Europe (CSCE) bringing together leaders of 35 countries, placing Finland at the center of the international stage. The Helsinki Accords signed at the end of the conference were

viewed at the time as a victory for the Soviets since it granted formal acknowledgement by the West of the existing European security situation including the Soviet's sphere of influence in Eastern Europe. For Finland though, it also meant that the Soviets had acknowledged that Finland was outside of that sphere, something that they had been reluctant to do in bilateral negotiations.<sup>30</sup>

These early diplomatic efforts were the beginning of a process of realignment for Finland. They allowed Finland to integrate itself into the Western sphere without drawing suspicion from Moscow. It is clear from examining these early attempts at diplomatic engagement that Finland preferred to work through multi-lateral diplomacy as opposed to bi-lateral arrangements. These arrangements were not only less provocative than bilateral relationships would be, which excluded the Soviet Union, they also provided Finland with the ability to cast the widest diplomatic net. The policy of using broad engagement and multi-lateral diplomacy to enhance stability by acting as a liaison while minimizing negative reactions from the Soviet Union characterized Finland's diplomatic policy throughout the rest of the Cold War.

## **2. Economic Relations – The Cold War**

Finland's economic relationship with the Soviet Union after World War II primarily consisted of exports to the Soviet Union to pay the war reparations. By 1952, those reparations were repaid and economic cooperation began under a clearing trade system regulated by five-year bilateral trade agreements that were continuously renewed until 1990. Trade with the Soviet Union accounted for about 16% of Finland's trade from 1945–1990. Trade was dominated by ship construction and forest products from Finland in exchange for petroleum products from the Soviet Union. The trade agreements provided the Finns with a consistent source of trade, and the oil crises of the 1970s and 1980s led to surges in the export of Finnish goods to the oil-rich Soviet Union, offsetting

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<sup>30</sup> Jakobson, *Finland in the New Europe*, 80–82.

their losses in other markets. But, beyond the trade outlined in the bilateral agreements there was little other economic interaction between the two states, and Finland worried about excessive reliance on the Soviet market.<sup>31</sup>

Finland's strict reparations payment schedule forced Finland to develop new industries beyond its traditional forestry products. These new industries, which included shipbuilding and metalworking, soon needed new markets outside of the Soviet Union to sustain them. This need for broader markets and the desire by Finland to counterbalance its economic reliance on the Soviet Union led Finland to seek expanded economic cooperation with the West. To accomplish this, Soviet concerns that strengthening economic relations with the West could carry implied security guarantees had to be addressed.

Finland's initial efforts toward economic integration focused on international institutions that were again less threatening to the Soviet Union. In the late 1940s, Finland joined the IMF, the World Bank and the General Agreement on Tariffs and Trade (GATT). By the late 1950s, Finland began a more focused effort to engage with the West as the growing economic integration in Western Europe threatened to exclude Finland from important markets. Finland's efforts to develop their economic relationship with the West confronted several major challenges during this period. In 1957, unable to join the Organization for European Economic Cooperation (OEEC) due to Soviet pressure, Finland established the Helsinki Club, which included the OEEC as a member, providing Finland access to the same trade benefits without the political baggage. In 1959, seven Western European States created the European Free Trade Area (EFTA). This left Finland at a significant disadvantage in those markets and threatened its economic survival. Initially, the Soviets would not allow Finland to join the EFTA, but eventually they consented to a parallel organization, FINEFTA, that gave Finland associate membership in EFTA and again provided the same access to European markets. A similar compromise was made in 1974 to allow Finland to obtain a trade agreement with the European Economic Community when that organization expanded to include the

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<sup>31</sup> Simon-Erik Ollus and Heli Simola, *Russia in the Finnish Economy* (Helsinki: Sitra, 2006), 16–18.

EFTA.<sup>32</sup> In all three cases, in exchange for Moscow's consent, Finland agreed to a comparable trade arrangement with the Soviet Union. These agreements with the West and the trade that they created enhanced Finland's economic security and its relationship with the West at the cost of its economic interaction with the Soviet Union, which had become fairly static due to the highly regulated trade clearing system. This economic integration with the West marked the first clear steps in Finland toward a change in alignment by providing Finland with concrete and preferable alternatives to the Soviet clearing trade system.

### **3. Security Relations – The Cold War**

Finland's security relations were much more difficult to manage. The Paris Peace Treaty had limited the size of the Finnish military force and prevented it from developing or acquiring weapons of an offensive nature. This left Finland in a tenuous security position. It also had few options for outside security guarantees. Concerns in the Soviet Union kept Finland from approaching the West, and it did not want to expand its existing security guarantee with the Soviet Union beyond the FCMA for fear of becoming unnecessarily entangled.

With so few external options available, Finland turned to rebuilding and restructuring its defense forces. Under the Paris Peace Treaty, the size of the Army was limited to 34,000 men, the Navy was limited to 4,500 men and the Air Force to 3,000 men. The treaty also put restrictions on the equipment that the military could use by prohibiting offensive weapons, including submarines, missiles and mines, and limiting naval shipping to less than 10,000 tons and the number of combat aircraft to 60. To compensate for this, Finland developed a doctrine that maximized the use of Finland's natural terrain advantages and made significant use of conscripts. Within the bounds of the treaty, Finland also began to procure more modern weapon systems from a wide variety of sources during the 1950s and 1960s. Aircraft were procured from England, France, Sweden, Switzerland and the Soviet Union. Tanks and ships were bought from

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<sup>32</sup> Max Jakobson, *Finland in the New Europe*, 71–72; John P. Vloyantes, *Silk Glove Hegemony: Finnish-Soviet Relations, 1944–1974* (Kent: Kent State University Press, 1975), 140–144.



England and the Soviet Union as well as interceptor and anti-tank missiles once the provision against missiles was lifted in 1962.<sup>33</sup> Finland was able to justify these acquisitions to the Soviet Union by claiming that it would enable them to uphold their end of the FCMA, but still the lack of Soviet reaction to the procurement of weapons from the West is striking.

The Soviets made two approaches beyond the FCMA toward a stronger security relationship with Finland. In 1954, the Soviets invited Finland to attend a conference in Moscow on European security. When it became clear that Western European countries would not be attending, Finland chose not to send a delegation to the conference, which later became the first step in the creation of the Warsaw Pact.<sup>34</sup> The Soviets made another offer to expand its security relationship with Finland in 1978, when the Soviet defense minister broached the subject during an official visit to Finland. The Finnish President refused to discuss the issue, and it was dropped again, demonstrating the weakness of a coerced bandwagoning relationship.<sup>35</sup>

Unable to pursue direct security relationships, Finland's primary security interaction with the West was through its active participation in UN peacekeeping operations. Despite its relatively small military force, Finland was a routine participant in these efforts. It began providing troops to UN missions in 1956, sending 250 troops to Egypt and by 1974 peacekeepers and observers had been sent to Lebanon, Jammu Kashmir, Cyprus and Syria. Through these efforts, it developed greater military ties with the West and achieved at least a basic level of interoperability with foreign military units.<sup>36</sup> Finland also sent its senior officers to study at staff colleges in Sweden, France,

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<sup>33</sup> Ermei Kanninen and Vilho Tervasmaki, "Development of Finland's National Defence After the Second World War," *International Review of Military History*, 1985, 285–286.

<sup>34</sup> Max Jakobson, *Finland in the New Europe*, 64–65.

<sup>35</sup> *Ibid.*, 82.

<sup>36</sup> Tauno Kuosa, "Finland's Participation in United Nations Peace-Keeping Activities," *International Review of Military History*, 1985: 297–306.

England and the United States. By 1985, over 40 Finnish officers had attended these colleges in the West, while only three attended the Frunze Military Academy in Moscow.<sup>37</sup>

#### **4. The End of the Cold War**

By the mid-1980s economic stagnation in the Soviet Union and the policies of Mikhail Gorbachev to counteract it, including both domestic and foreign policy reforms, lessened both the real strength of the country and its perception as a threat to Finland. This generated a series of actions in Finland that would build upon its earlier policies to completely reorient their alignment in favor of Europe and the West. As Max Jakobson, a former Finnish Government official has stated, “As Soviet power waned, Finland began to edge toward full participation in Western Institutions, but gingerly, like a hunter who has shot a bear but is not quite sure the beast is dead.”<sup>38</sup> This is not to say that the decline of the Soviet Union no longer represented a threat to Finland. But, Gorbachev’s policies began to lessen the pressure placed on Finland to conform and Finland was finally able to realize its balancing ambitions.

In the late 1980s, falling oil prices led to a decline in trade with the Soviet Union and Finland looked to the West to offset the losses in the East. This time, Finland did not seek approval from the Soviet Union, and in 1986, Finland became a full member of the EFTA. This began the final shift in trade from the East to the West, and by 1990 export trade to Russia had dropped from 20% of total exports in 1986 to less than 3%. As the Russian economy began to recover, export trade from Finland increased, amounting to almost 9% of Finland’s total exports by 2004. These numbers are still small compared to the levels of trade and investment with the EU. By 2004, the EU accounted for almost

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<sup>37</sup> Ermei Kanninen and Vilho Tervasmaki, “Development of Finland’s National Defence After the Second World War,” *International Revue of Military History*, 1985, 289.

<sup>38</sup> Jakobson, *Finland in the New Europe*, 103.

60% of Finland's total imports and exports. Regarding FDI, in 2003, the European share of the accumulated investment in Finland was 90% and Finland invested 75% of its total foreign investment in the EU.<sup>39</sup>

This economic shift was accompanied by a newly found diplomatic space that also allowed Finland to take actions to expand its political engagement with Europe and the West into a more formalized association. In 1989, it joined the Council of Europe, and in 1991 it renounced the FCMA and began negotiations for a new treaty with the Soviet Union, which remained unsigned due to the latter's collapse. In 1992, Finland applied for membership in the European Union, which it joined in 1995, when it was also granted observer status in the Western European Union (WEU).<sup>40</sup> Finland has continued to shy away from full membership in the WEU or NATO over concerns that it could create anxiety in Moscow, but it did work to modify its forces to be more compatible with NATO. Finland participated in NATO led operations in the former Yugoslavia in 1996–2003, and through the Partnership for Peace Program, it has continued to conduct similar operations.<sup>41</sup>

While domestic debates continue about future NATO membership, Finland has increased its security cooperation with its European neighbors. In 1999, during the first Finnish Presidency of the EU, Finland proposed that the EU develop the ability to rapidly deploy 50,000–60,000 troops for a period of up to one year to conduct peacekeeping and HADR operations. Finland contributes forces to the EU's battlegroup standby forces and has supported the EU's anti-piracy operations off of Somalia, sending a minesweeper in

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<sup>39</sup> Ministry for Foreign Affairs of Finland, "Finland's Trade Policy Programme," *Ministry for Foreign Affairs of Finland*, September 8, 2005, <http://formin.finland.fi/public/download.aspx?ID=15119&GUID={EDBBCC79-8899-4B15-9A95-FA7830E7EF46}> (accessed November 19, 2011).

<sup>40</sup> Stephen J. Blank, *Finnish Security and European Security Policy*, Strategic Studies Institute (Carlisle: U.S. Army War College, 1996), 3.

<sup>41</sup> Svarre Myrli, "Contributions of Non-NATO Members to NATO Operations," *NATO Parliamentary Assembly*, 2008, <http://www.nato-pa.int/Default.asp?SHORTCUT=1475> (accessed October 20, 2011).

2011. Regionally, Finland has joined with the other Nordic countries to form the Nordic Defense Cooperation (NORDEFCO) and has conducted air exercises with Norway and Sweden.<sup>42</sup>

### C. CONCLUSION

Finnish foreign policy during the second half of the twentieth century is a story of political realignment. In Finland's early independence, it clung to Germany to balance against the Soviet Union but as German intentions became less clear in the lead up to World War II, Finland began attempts to negotiate alternative alignment options. The difficulty that Finland had was due to the uncertainty over which country, Germany or the Soviet Union posed the greater threat while simultaneously finding that there were no other alignment options available. This created a situation where Finland was forced to choose between two evils and was unable to do so. Finland's approach in pursuing parallel relations with both countries only served to create unease and resulted in the invasion of Finland. This resolved the uncertainty in Finland and the result was a rapid and complete termination of its relationship with the Soviet Union, but there were again no external alternatives to balance against the Soviet threat and Finland was forced to rely solely on itself until the German's terminated the Non-Aggression Pact.

Finland never fully gravitated toward Germany, however. It utilized the much-needed German assistance to expel the Soviet Union but refused to carry out German requests to continue the offensive into Soviet territory. This, once again, may have been due to the uncertainty over Germany's ultimate intentions, the unease brought about by foreign boots on Finnish soil or a desire to avoid winding up on the losing side during a time when the outcome was uncertain. Whatever the reason, Finland's uneasy cooperation with Germany demonstrates the limitations of an alignment that is imposed out of necessity rather than entered into willingly, as would be demonstrated again during the Cold War.

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<sup>42</sup> Leo G. Michel, "Finland, Sweden, and NATO: From "Virtual" to Formal Allies," *National Defense University - Institute For National Strategic Studies*, February 2011, [http://www.ndu.edu/inss/docUploaded/SF%20265\\_Michel.pdf](http://www.ndu.edu/inss/docUploaded/SF%20265_Michel.pdf) (accessed October 10, 2011).

The Finns, never fully comfortable with their association with the Soviet Union after World War II, were forced, for practical reasons, to lean in that direction. Once the Soviet Union had been convinced of their loyalty, they used diplomatic engagement, specifically through multi-lateral organizations to maintain relations with the West and look for opportunities to cooperate. Security cooperation was out of the question at the time so those opportunities came in the form of greater economic integration via the EEC and the EFTA. This served to increase Finland's ties with Europe, but Finland would need to wait another decade before the reduction in Soviet power would allow them to expand the relationship and to truly balance against Russia.

The end of the Cold War allowed Finland to more thoroughly integrate itself with Europe and the West, but the foundation for this was laid over a period of decades of bargaining to expand cooperation in areas that would draw less reaction from the Soviet Union. As was demonstrated above, this was primarily accomplished by pursuing multi-lateral economic cooperation with Europe while offering similar terms to the Soviet Union to make the arrangement more palatable. This slow process also demonstrates the importance of establishing acceptable and stable alternative arrangements before going about the process of severing the old ones. Finland's aversion to cooperation with the Soviet Union and the coercive nature of the relationship prevented the types of strong institutions with the Soviet Union that Finland was forming in Europe. This meant that once the tools of coercion, military and economic power, had begun to dissipate there was no other reason to exercise restraint in aligning itself more completely with Europe, and the result was the rapid shift witnessed in the late 1980s and early 1990s.

Some important conclusions about how states align can be identified by this analysis. First, it validates the assertion that states' attempts to balance power are not a simple matter. For Finland, domestic constraints were not particularly significant but the need to take Soviet reactions into account in all of their political moves significantly constrained their actions. Second, it demonstrates the weakness of theories predicting bandwagoning alliances induced by threat and validates that balancing is the most likely response. Almost immediately, Finland began to take action to address this situation and correct it. Finally, Finland's actions also show that, when seeking out alternative

alignments in the shadow of a threatening power the types of relationship that states can bargain over are based on the perceived level of provocation they will create. Economic and diplomatic relations can be pursued, within bounds, with little concern for drawing negative reactions, but small states have greater difficulty in reorienting their security alignment. For Finland, this was the most contentious issue and one that they have still failed to completely address as they continue to debate membership in NATO. The implication of this is that small states, which are exposed to eternal threats, must be very deliberate about their security policies. Changes in security relationships are likely to be minute, unless and until, the external environment changes significantly. This also means that small changes in security relationships may speak volumes about a state's alignment intentions.

### III. CHANGING REGIONAL POWER STRUCTURE

The balance between Chinese and U.S. power in Southeast Asia has begun to shift. China has experienced phenomenal growth over the past two and a half decades. Its GDP has grown from just over \$300 billion in 1985 to just under \$5 trillion in 2009.<sup>43</sup> At the same time, the Chinese military has significantly upgraded its capabilities, increasing its defense spending an average of 12.9% per year since 1989. China's 2011 defense budget is reportedly set at \$91.5 billion.<sup>44</sup> This rapid increase in military and economic power has been accompanied recently by more assertive behavior and rhetoric regarding disputed territorial claims in the East and South China Seas, and U.S. military operations in the Pacific.

During much of this growth in Chinese strength, the United States reduced its engagement in the region. Two wars in the Middle East and a faltering domestic economy led the United States to devote less attention to its relationships and obligations in the Pacific during much of the last decade and led to a policy in Southeast Asia that some described as "benign neglect."<sup>45</sup> Though the Obama administration has done much to address this since 2008, this shifting regional presence and strength between China and the United States creates a new situation for the states of Southeast Asia to contend with. This chapter is intended to lay the foundation for understanding the conditions that Singapore and Vietnam are facing before going on to describe how those countries are responding in the following two chapters. It specifically addresses the most recent decade, as that has been the period of the greatest growth in the Chinese economy as well as the most significant developments in China's military modernization program.

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<sup>43</sup> World Bank, *World Bank Development Indicators Data*, December 2010, [http://data.worldbank.org/data-catalog/world-development-indicators?cid=GPD\\_WDI](http://data.worldbank.org/data-catalog/world-development-indicators?cid=GPD_WDI) (accessed September 6, 2011).

<sup>44</sup> Janes Intelligence Weekly, *IHS Jane's Defense and Security Intelligence & Analysis*, March 7, 2011, [http://jiwk.janes.com.libproxy.nps.edu/MicroSites/index.jsp?site=jiwk&pageindex=doc\\_view&K2DocKey=/content1/janesdata/mags/jiwk/history/jiwk2011/jiwk23097.htm@current&Prod\\_Name=JIWK&QueryText=](http://jiwk.janes.com.libproxy.nps.edu/MicroSites/index.jsp?site=jiwk&pageindex=doc_view&K2DocKey=/content1/janesdata/mags/jiwk/history/jiwk2011/jiwk23097.htm@current&Prod_Name=JIWK&QueryText=) (accessed September 8, 2011).

<sup>45</sup> Brian L. Job and Diane K. Mauzy, "U.S. Policy in Southeast Asia: Limited Re-engagement After Years of Benign Neglect," *Asian Survey* 47, no. 4 (July/August 2007): 622–641.

## **A. GROWING CHINESE POWER**

Aggregate power is commonly measured in terms of military and economic power and population size. China has long held the population advantage over the United States, but the United States has overcome that advantage through vastly superior military and economic strength. Now that advantage is narrowing. Chinese power, when measured in economic or military terms, is still significantly less than the United States but in relative terms, China has made considerable progress in both areas over the last decade. China's economy was roughly one-tenth of the size of the United States' in 2000, but is now approximately one-third as measured by GDP in current U.S. dollars and is growing increasingly important to the states in Southeast Asia.<sup>46</sup>

### **1. Military Modernization**

Military spending provides an indicator of overall military strength and Chinese military spending is increasing. While the percent of GDP that China spends on the military has not changed significantly over the last ten years, averaging around two percent, the overall economic growth has allowed the military to expand and modernize.<sup>47</sup> China's defense budget has grown from \$26.9 billion in 2000, to the reported \$91.5 billion budget for 2011.<sup>48</sup> That number is still dwarfed by the \$702 billion the United States spent on defense in 2010.<sup>49</sup> But, dispute exists about the accuracy of Chinese defense spending numbers. Beijing's publicly reported defense budget does not include items like external procurement, foreign military aid, R&D, retirement costs and pensions, and strategic weapons development, leading some western experts to believe that actual spending may be two to twelve times the reported figure.<sup>50</sup> The Office of the Secretary of Defense estimated that China's actual defense spending in

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<sup>46</sup> World Bank *World Bank Development Indicators - Data*. December 2010.

<sup>47</sup> Ibid.

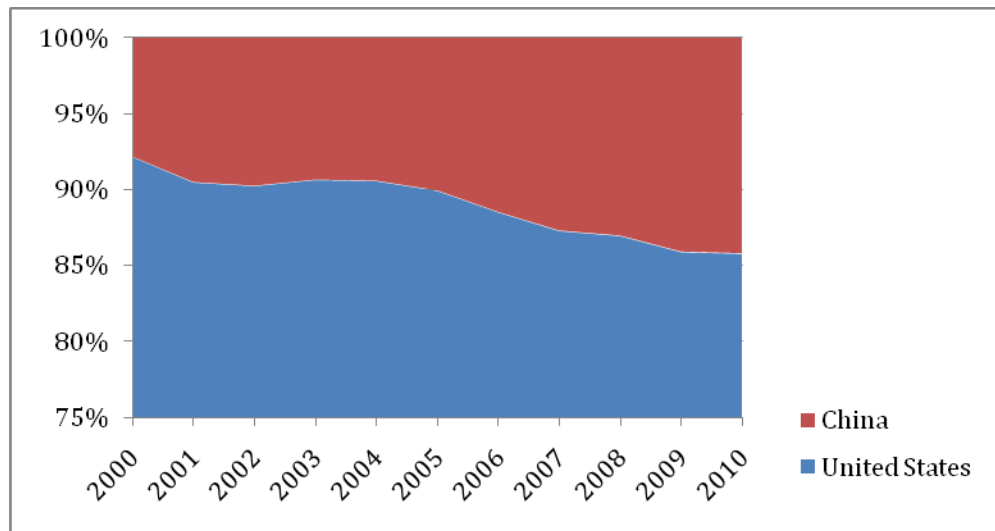
<sup>48</sup> Wendell Minnick, "China's Defense Budget Hits Record \$91.5B," *Defense News*, March 4, 2011.

<sup>49</sup> Jane's Defence & Security Intelligence & Analysis, *United States Defence Budget*, March 2011, <http://jdb.janes.com/jdb-web/countryBudget.do?action=dashboard&country=United+States> (accessed September 9, 2011).

<sup>50</sup> David Shambaugh, *Moderizing China's Military: Progress, Problems, and Prospects* (Berkeley: University of California, 2004), 210–20.



2010 was \$160 billion, roughly twice the figure reported by the Chinese government.<sup>51</sup> Even if the published numbers are accurate, in relative terms, China is gaining.<sup>52</sup> According to those numbers, in 2000 China spent roughly 7% of the United States' defense budget but in 2010 that number had nearly doubled to over 13%.<sup>53</sup>



**Figure 1. Defense Spending of China and the U.S. as a Percentage of the Total**

The PLA's modernization efforts have been significant. Over the past sixty years, the PLA has been transformed from an organization that relied on "human wave" tactics under Mao's "people's war" to an increasingly sophisticated military capable of winning "local wars under conditions of informationization."<sup>54</sup> Their most recent modernization efforts began in the late 1980s and early 1990s, when international condemnation of the Tiananmen Square Massacre and the fall of the Soviet Union led China to reconsider its

<sup>51</sup> Office of the Secretary of Defense, "Military and Security Developments Involving the People's Republic of China 2011," *Defense.gov*, 2011, [http://www.defense.gov/pubs/pdfs/2011\\_CMPR\\_Final.pdf](http://www.defense.gov/pubs/pdfs/2011_CMPR_Final.pdf) (accessed November 25, 2011).

<sup>52</sup> Jane's Defence & Security Intelligence & Analysis, *United States Defence Budget*.

<sup>53</sup> *Ibid.*

<sup>54</sup> William R. Heaton, "The People's Republic of China," in *The Defense Policies of Nations*, ed. Paul R. Votti and Douglas J. Murray, 378–398 (John's Hopkin's University Press, 1994), 383–386.; Information Office of the State Council of the People's Republic of China, "China's National Defense in 2010," *National Defense University*, March 31, 2011, [http://merln.ndu.edu/whitepapers/China\\_English2010.pdf](http://merln.ndu.edu/whitepapers/China_English2010.pdf) (accessed December 2, 2011)

role in the international arena, and the overwhelming success by the United States and coalition forces in the Gulf War, using advanced technology and precision strike weapons, forced the PRC to question the capabilities of the PLA.<sup>55</sup>

The PRC's security environment is largely defined by concerns over threats to its sovereignty. The most significant challenge to the PRC's sovereignty is the ongoing dispute over the island of Taiwan. Though there have been few direct military clashes, and Taiwan itself presents only a minimal offensive threat to the PRC, uncertainty on both sides, and the significant potential for American involvement in the event of hostilities, poses the greatest threat to China's security. For this reason, the PLA's recent modernization efforts have been focused on preventing permanent separation of Taiwan by deterring U.S. involvement by developing weapons and doctrine intended to deny the United States the ability to respond to a crisis. This area-denial strategy threatens to further reduce the United States' presence in the region.

Any involvement by the United States in a cross strait conflict is likely to rely heavily on the Navy. Understanding this, the PLA has invested in weapons and systems intended to counter the U.S. Navy's ability to operate in the area. The PLAN's large submarine force, as well as its expanding inventory of naval mines and small missile boats, like the Houbei guided missile patrol craft, all provide effective measures to counter or at least delay a U.S. response to a crisis. The much discussed, though still in development DF-21D, will augment these efforts without the risk to personnel. These efforts can be cued by the PLA's growing suite of space and land based sensors. Newly developed surface and sky wave radars can detect these targets at sea from a significant distance, and with the help of satellite data, can provide firing solutions to 2<sup>nd</sup> Artillery or PLAN personnel.<sup>56</sup>

Preventing the United States from responding will require more than just sinking a few ships though. The PLA will have to deny the U.S. and Taiwan Air Forces the

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<sup>55</sup> Heaton, "The People's Republic of China," 387.

<sup>56</sup> Owen R. Cote Jr., "Assessing the Undersea Balance Between the U.S. and China," *MIT Security Studies Program*, February 2011, [http://web.mit.edu/ssp/publications/working\\_papers/Undersea%20Balance%20WP11-1.pdf](http://web.mit.edu/ssp/publications/working_papers/Undersea%20Balance%20WP11-1.pdf) (accessed October 28, 2011), 14-17.

ability to operate in the region. The PLAAF has addressed this by acquiring fourth generation fighters and advanced surface to air missiles from Russia and working to develop its own indigenously produced fighter. The 2<sup>nd</sup> Artillery has developed short and medium range ballistic missiles to destroy airfields and support facilities in Taiwan, Japan, and the Philippines that U.S. forces could operate from.<sup>57</sup>

Finally, China is developing capabilities designed to specifically attack a significant U.S. center of gravity, its reliance on technology. The PLA's development and successful test of a direct-ascent anti-satellite weapon provides it with the ability to severely degrade U.S. communication, navigation and intelligence surveillance and reconnaissance ISR capabilities. Coupled with China's electronic and cyber attack measures these capabilities threaten to hamper the command and control capability of the United States.<sup>58</sup>

These modernization efforts have two main implications for the case studies examined in the following two chapters. First, they threaten to deny the United States the capability to respond to a crisis in the region. For both Singapore and Vietnam, this at least raises the question of how capable the United States is of guaranteeing security in the event of a confrontation with China. In other words, how viable is the United States as a balancing power. Second, they present a potential direct threat to those states within the growing range of these capabilities, as will be discussed next.

## **2. Translation to Offensive Capabilities**

Walt claims that the offensive nature of weapons is one factor that leads a state to perceive a threat from another state. And, while Chinese discussions of the PLA's modernization efforts above have emphasized defensive measures, many of the PLAN, PLAAF and 2<sup>nd</sup> Artillery capabilities being developed for a Taiwan contingency would

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<sup>57</sup> David A. Shlapak, David I. Orletsky, Toy I. Reid, Murray Scot Tanner and Barry Wilson, "A Question of Balance: Political Context and Military Aspects of the China-Taiwan Dispute," *Rand* Corporation, 2009, [http://www.rand.org/content/dam/rand/pubs/monographs/2009/RAND\\_MG888.pdf](http://www.rand.org/content/dam/rand/pubs/monographs/2009/RAND_MG888.pdf), 53–81.

<sup>58</sup> For a more thorough discussion of China's military modernization, see Office of the Secretary of Defense, "Military Power of the People's Republic of China," (2011) available at [http://www.defense.gov/pubs/pdfs/2011\\_CMPR\\_Final.pdf](http://www.defense.gov/pubs/pdfs/2011_CMPR_Final.pdf).

be highly effective in conducting local offensive operations that directly threaten Vietnam and Singapore. The perception of these capabilities in each country is likely different given the geographic proximity of Vietnam and the relative distance of Singapore. In the case of Vietnam, the PLA could likely bring all of their new capabilities to bear in a relatively short period and sustain them for a prolonged period while operating out of Chinese bases. The PLA expeditionary forces, though not sufficient for an attack on Taiwan, have improved in size and capabilities and would likely be one of the first units employed in a local war with Vietnam. The more offensive oriented weapons of the PLAAF and PLAN could augment these forces. The PLAN's newest Sovremenny, Luyang II and Luzhou DDGs can provide deployable air defense platforms to allow greater flexibility and response time. These forces give China the capability to mobilize a small deployable joint force sufficient to engage successfully in regional conflicts and pose a significant threat to Vietnam.

Singapore is a different case. Noticeably missing from China's modernization program is substantial military air or sealift capability. China would find it nearly impossible to deploy and sustain a land force sufficient to defeat Singapore's advanced military without outside assistance, and Chinese air refueling capability is not sizable enough to allow China to conduct major air strikes at that range. Still, China does possess some weapons that could strike Singapore. China's IRBM missile inventory represents a threat to Singapore, but there are a limited number of them, and they are mostly pointed at Taiwan. The growth of the South Sea Fleet, which includes China's most modern nuclear submarines and a number of phased array capable destroyers, could also provide China with a naval option for operations against Singapore. These operations would be small however, and would only be capable of a short-term punitive action.

## **B. GROWING CHINESE THREAT**

In addition to offensive capabilities, perception of another state's intentions helps states to identify threats. All of the developments outlined above show how China's military power in Asia is growing, but this thesis proposes that power on its own may not be sufficient to cause states to abandon or reinforce their existing alignments. The threat

of using that power is more important. The following section will demonstrate how Chinese power is being translated into a growing assertiveness that is increasingly interpreted by its neighbors as threatening.

China's rising relative power has been accompanied by an increasingly assertive foreign policy concerning resources and territorial claims, particularly in the last few years. This assertiveness is especially visible in its encounters with neighboring states at sea. In April 2010 and May 2011, helicopters from a Chinese vessel circled a JMSDF destroyer at a range of less than 100 yards.<sup>59</sup> In the South China Sea, Chinese naval exercises near the Spratly Islands are growing larger and drawing protests from regional neighbors like Vietnam.<sup>60</sup> Chinese patrol vessels have confronted, and in some cases, detained fishing and resource exploration vessels operating in disputed waters, generating official protests from the Philippines and Vietnam.<sup>61</sup> The United States has also been a target of Chinese harassment, demonstrating China's growing confidence. In 2009, five vessels, possibly associated with the China Marine Surveillance (CMS) service, maneuvered close to the USNS Impeccable and attempted to hook her towed array while operating approximately 75 nautical miles south of Hainan Island. Later that year, Chinese patrol craft also maneuvered aggressively close to the USNS Victorious while operating in the Yellow Sea.<sup>62</sup> Some have claimed that these increasingly frequent confrontations, especially in the maritime arena, have been in response to the actions of

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<sup>59</sup> Japan Today, Chinese Navy Chopper Approaches Japanese Destroyer Near Okinawa, April 22, 2009, <http://www.japantoday.com/category/national/view/chinese-navy-chopper-approaches-japanese-destroyer-near-okinawa> (accessed September 1, 2011).; Roland Buerk, Japan Protest Over 'Dangerous' Helicopter Fly Buy, March 8, 2011, <http://www.bbc.co.uk/news/world-asia-pacific-12674014> (accessed September 1, 2011).

<sup>60</sup> Michael Wines, "China Stages Naval Exercise," The New York Times, November 3, 2010; The Associated Press, Vietnam Protests Chinese Military Drills, March 3, 2011, <http://www.washingtonpost.com/wp-dyn/content/article/2011/03/03/AR2011030306541.html> (accessed March 13, 2011).

<sup>61</sup> James Hookway, Philippine Oil Vessel Confronted by China, Spurring New Dispute - WSJ, March 4, 2011, <http://online.wsj.com/article/SB10001424052748703300904576178161531819874.html> (accessed September 13, 2011).

<sup>62</sup> Bernard D. Cole, *The Great Wall at Sea: China's Navy in the Twenty-First Century*, 2nd Edition (Annapolis, MD: Naval Institute Press, 2010), 81–82.

other states as opposed to unprovoked actions initiated by China.<sup>63</sup> Either way, this growing tendency by China to resort to force over diplomacy has begun to generate unease among the states of Southeast Asia.

### **C. U.S. REGIONAL PRESENCE**

In contrast to this ever growing expansion by China, the U.S. military and the government in general was distracted from its commitments in Asia for a large portion of the last decade. Lacking the geographic proximity of China, the United States presence in Asia is more difficult to sustain. Additionally, the conflicts in Iraq and Afghanistan reduced the numbers of troops and equipment available for regional and bilateral military exercises and lessened the ability of the United States to respond to a crisis in Asia. This was most clearly evidenced in the early part of the last decade by the 2004 decision to redeploy almost 9,000 of the 37,000 U.S. troops stationed in South Korea to support the war in Iraq.<sup>64</sup> But in the last several years, the United States has taken some measures to correct this through force restructuring and military modernization efforts of its own.

While not specifically developed in response to China, the F-22A, and to a lesser degree the F-35, have provided the United States with fifth generation strike fighters that are capable of outperforming any of the aircraft in the PLAAF's arsenal through their reduced radar cross sections, enhanced weapons systems, and superior maneuverability. Unfortunately, the numbers of these fighters remain small due to budget constraints and development delays.<sup>65</sup> In undersea warfare, the United States remains dominant. Chinese submarines, especially its indigenously produced hulls, are greatly inferior to the U.S. SSN and SSGN platforms in both weaponry and stealth. The Chinese advantage in

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63 Michael D. Swaine and M. Taylor Fravel, "China's Assertive Behavior - Part Two: The Maritime Periphery," *China Leadership Monitor*, September 21, 2011, <http://www.hoover.org/publications/china-leadership-monitor/article/93591> (accessed October 15, 2011).

64 Jayshree Bajoria and Youkyung Lee, "Council on Foreign Relations," *The U.S.-South Korea Alliance*, October 13, 2011, <http://www.cfr.org/south-korea/us-south-korea-alliance/p11459#p7> (accessed October 17, 2011).

65 Jeff Hagen, "Potential Effects of Chinese Aerospace Capabilities on U.S. Air Force Operations," Rand Corporation, May 2010, [http://www.rand.org/content/dam/rand/pubs/testimonies/2010/RAND\\_CT347.pdf](http://www.rand.org/content/dam/rand/pubs/testimonies/2010/RAND_CT347.pdf) (accessed November 2011, 2011).

submarine operations lies in the growing numbers of submarines and the proximity of their operations from their logistics and support facilities. The United States has made efforts to overcome these advantages by forward basing three Los Angeles Class fast attack submarines in Guam to limit response time and by basing all three of the Navy's most capable submarines, the Seawolf Class, in Bremerton, WA.<sup>66</sup>

To counter the growing air threat from the PLAAF, and the ballistic missile threat from both North Korea and China, the United States Navy has assigned the majority of its BMD-capable Aegis ships to the Pacific and forward based some of them in Yokosuka, Japan. The Navy also has plans to expand the inventory of BMD capable ships through 2021.<sup>67</sup> Complementing the acquisition of these ships is the work on development of the SM-3 block IIA. This variant of the standard missile will fly fast enough to intercept some ICBMs in addition to the IRBMs that earlier versions were designed to intercept.<sup>68</sup>

The United States diplomatic presence in Asia also suffered during the early part of the 2000s due to the focus on the Middle East. Perhaps the most notable slight occurred in 2005 when Condoleezza Rice's failed to appear at the ASEAN Regional Forum meeting in Vientiane, Laos. The Obama administration has taken significant steps over the last few years to address this beginning in 2009 with Secretary of State Clinton's tour of Asia. During that trip, she attended ASEAN Ministerial Meeting in Thailand, where she signed the ASEAN Treaty of Amity and Cooperation and announced, "The United States is back in Southeast Asia."<sup>69</sup>

Following this declaration, the United States became more involved in regional issues, participating in discussions with key leaders over water management in the Lower Mekong, and offering to mediate the dispute over sovereignty in the South China Sea. It

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<sup>66</sup> Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Naval Capabilities - Background and Issues for Congress," *Congressional Research Service*, April 22, 2011, [http://assets.opencrs.com/rpts/RL33153\\_20110422.pdf](http://assets.opencrs.com/rpts/RL33153_20110422.pdf) (accessed October 31, 2011).

<sup>67</sup> Ibid.

<sup>68</sup> Ronald O'Rourke, "Sea-Based Ballistic Missile Defense - Background and Issues for Congress," *Congressional Research Service*, April 19, 2011, <http://opencrs.com/document/RL33745/2011-04-19/> (accessed November 29, 2011).

<sup>69</sup> Sheldon Simon, "Comparative Connections - U.S.-Southeast Asia Relations," *Center for Strategic and International Relations*, October 2009, <http://csis.org/node/23294> (accessed November 22, 2011).

has improved its bilateral relationship with Indonesia through its establishment of the Comprehensive Partnership and renewal of mil-to-mil ties with Indonesian Special Forces.<sup>70</sup> In the Philippines, the United States has assisted in the establishment of the Coast Watch South program to improve the Philippine's ability to secure its southern waterways. The United States has agreed to sell a Hamilton-class cutter to the Philippines and has funded the construction of coastal watch radar stations in Southern Philippine Waters.<sup>71</sup>

Most recently, the United States has expanded its efforts to further integrate itself into broader Asia-Pacific institutions. Already a member of ASEAN Regional Forum (ARF) and a participant in the Asia-Pacific Economic Cooperation (APEC) meetings, the United States recently accepted the invitation to join the East Asia Summit. Secretary of Defense Robert Gates participated in the inaugural session of the ASEAN Defense Ministers Meeting Plus. Finally, the United States has also initiated negotiations on a proposed alternative economic association, the Trans-Pacific Partnership (TPP), with Singapore and Vietnam along with seven other nations.

#### **D. CONCLUSION**

China's growing power and new-found offensive strength presents an increasing threat to its regional neighbors. The power structure in Asia is changing. China is growing increasingly powerful and potentially threatening at a time when economic difficulties and expanding international engagements limit the ability of the United States to sustain a robust presence in Southeast Asia. China's military modernization efforts are accelerating and providing it with a growing capability to counter U.S. presence in the region and potentially to conduct local offensive operations against their neighbors. In addition, China's growing tendency to resort to coercion over diplomacy may raise concerns about the potential for Beijing to settle future disputes with violence. The reactions to the assertiveness are particularly important and vary throughout Southeast

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<sup>70</sup> Sheldon Simon, "Comparative Connections - U.S.-Southeast Asia Relations," *Center for Strategic and International Studies*, October 2010, <http://csis.org/node/27346> (accessed November 20, 2011).

<sup>71</sup> Ibid.



Asia. States that become more convinced that these new capabilities may be directed at them are more likely to balance against what they perceive as a threat. The specifics of how Singapore and Vietnam perception will be addressed in the following chapters

Through its renewed diplomatic and military interaction with Asia, the United States has tried to reduce the concerns in Southeast Asia about U.S. intentions in the region. Still, that attention in the future is not necessarily assured. The global scope of U.S. foreign policy concerns could lead to future distractions away from Asia to places like the Middle East or Europe. This may create a level of uncertainty in Southeast Asia over the wisdom of relying on the United States as a balancing partner as the focus on Asia, largely driven by the Obama administration, could shift depending on the outcome of the next election.

While a confrontation between the United States and China is still far from likely, Southeast Asian leaders, confronted by this shift in regional power and the potential threat posed by China, are being forced to reconsider their strategic calculations. The following chapters will discuss how two countries, Vietnam and Singapore, are reacting to this change.

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## **IV. VIETNAM**

Having looked at the changing international environment that Southeast Asia is confronted with in the last chapter, this thesis now turns its attention to how that change is affecting the foreign relations of two specific states in Southeast Asia, beginning with Vietnam. This chapter concludes that, as Vietnam has begun to view China as a greater threat, it has accelerated its efforts to expand its relationship with the other powers in the region including the United States, Russia and India in a distributive effort to balance that threat. This distributive balancing is a product of the multi-polar regional environment that allows Vietnam to address the threat from China while avoiding becoming abandoned or entrapped by any single alignment partner as discussed by Snyder. This conclusion validates the hypothesis that as threats become more acute, states become increasingly inclined to balance against them, and that they engage in bargaining behavior in order to negotiate the most beneficial alternative arrangements before making alignment decisions. It also shows how the greater availability of alignment partners enables states to balance in different ways than have previously been considered.

Additionally, the case finds that, even in small states, domestic politics can exert enormous influence on states behavior especially in the absence of a specific threat. The decline of ideology as a justification for the CPV continued leadership legitimacy has led Vietnam to increasingly rely on economic growth as the new source of legitimacy, encouraging Vietnam to seek broader international engagement. This supports David's theory that smaller states must consider internal threats when developing a balancing strategy. The cumulative effect of these internal and international factors has been a growing, though cautious openness toward a broader range of international relations and a growing concern over becoming too closely tied to China.

### **A. HISTORICAL VIETNAMESE FOREIGN POLICY**

Vietnamese foreign policy over the past four decades has been a mix of a need to balance against external threats to security and internal threats to legitimacy. Nineteen seventy-five was a watershed year for Vietnam. With the fall of Saigon in April, the

country brought to an end the period of colonization under the French and Japanese and occupation by U.S. forces. This century-long interference by the outside powers and centuries of conflict with China left an indelible impression in the minds of Vietnamese leaders, firmly placing state security and national sovereignty as a top priority.<sup>72</sup>

In addition to Vietnam's external threats, there were internal weaknesses. Unification, in name, had taken place in 1975, but the country still remained ideologically divided. South Vietnam had developed a capitalist system, which was incompatible with the strongly controlled communist economy in the north and there existed lingering mistrust of the citizens of the now unified south.<sup>73</sup> These social cleavages caused the government of Vietnam to consider the threat of internal dissent equally as dangerous to the continued survival of the regime.

Amid these perceptions of harsh internal and external threats, Vietnam attempted early on to pursue a relationship with both of its larger communist supporters, the Soviet Union and China. Early on however, disputes with China developed over Vietnam's treatment of ethnic Chinese and the fighting along the Cambodian border. This growing animosity resulted in a Chinese decision in 1977 to cut its assistance to Vietnam. This led Vietnam to join the Soviet-led Council for Mutual Economic Assistance (CMEA) in June 1978, a step it had declined to take earlier due to concerns over provoking China. China responded by withdrawing the remainder of its aid to Vietnam. As Vietnam's alignment options in the socialist world began to narrow, it looked outside this small group for alternative partners. In 1976, it applied for observer status in ASEAN, and more notably, Vietnam attempted to normalize its relationship with the United States in 1978, dropping all of its previously stated preconditions. Both attempts toward integration outside of socialist circles failed and in November 1978 Vietnam signed the Treaty of Friendship and Cooperation with the Soviet Union, becoming a formal ally.<sup>74</sup> These early foreign

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<sup>72</sup> Kim Ninh, "Vietnam: Struggle and Cooperation," in *Asian Security Practice: Material and Ideational Influences*, ed. Muhiah Alagappa, 443–476 (Stanford: Stanford University Press, 1998), 447–448.

<sup>73</sup> Ibid, 451.

<sup>74</sup> Ramses Amer, "Sino-Vietnamese Relations: Past Present and Future," in *Vietnamese Foreign Policy in Transition*, ed. Carlyle A. Thayer and Ramses Amer, 68–129 (New York: St. Martin's Press, 1999) 69–72.

policy efforts demonstrate multiple efforts by Vietnam to negotiate balancing relationships with regional and extra-regional partners. As the options for partners began to dwindle, Vietnam found itself with only one viable option. So, while its need to form an alignment was driven by its external threat concerns, its final choice in this case was largely driven by its lack of options. This behavior supports the basic concept of balance of threat but also brings up the importance of available alignment partners. Walt has stated that states with fewer alignment partners will tend to bandwagon and it seems likely that, without the Soviet Union, Vietnam would have found itself in a position that required it to align more closely with China.

After 1978, Vietnam's foreign policy began to focus exclusively on insuring continued Soviet support to protect it from external threats and enable it to shore up its legitimacy. All other states were viewed as threats or potential threats and so there was little attempt to engage other countries. The Cambodian conflict, which began in December 1978, led to further international condemnation, and coordinated military action by Vietnam's Southeast Asian neighbors, the United States and China, and further contributed to Vietnam's isolation. During this period, Vietnam's sense of vulnerability also had the effect of marginalizing the influence of domestic politics on foreign policy. The real and perceived external threats exceeded internal threats and foreign policy remained largely unchanged until events in the early 1980s necessitated a drastic change.

## **B. THE 1980S AND BEYOND**

The United States' normalization of relations with China in 1979 and the Soviets' withdrawal of funding from Vietnam in the early 1980s significantly altered Vietnam's security situation. Its two most powerful external threats were growing increasingly aligned and the balancing power Vietnam had chosen was growing less interested in Vietnam's security.<sup>75</sup> In addition, the Soviet-centric foreign policy that Vietnam had pursued in the 1970s and its international isolation led the country to a condition of declining social and economic stability. There were three key elements to this new

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<sup>75</sup> Alexander L. Vuving, "Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways," *Asian Survey*, 2006, 811.

security situation. Vietnam had no alternative balancing partners available, internal threats brought about by economic decline were becoming increasingly pressing, and without Soviet funding, Vietnam could not undertake any significant internal balancing efforts. To address both the internal and external threats, Vietnam's only option was to alter its existing policies to enable it to both expand its balancing options and create conditions that would allow economic growth.

The policies of the late 1980s can largely be explained in this manner. To open up opportunities for negotiating new alignment options, Vietnam began to withdraw from Cambodia by the late 1980s. To counter the internal threats due to the failing Soviet economic model, the Vietnamese created the policy of *doi moi* or the politics of renovation in 1986.<sup>76</sup> *Doi moi* was primarily a change in domestic policy intended to introduce economic and social reforms to build economic strength that would translate into military strength and shore up growing social unrest by improving the living conditions of the Vietnamese people. To that end, the government loosened its control on domestic economic activity, allowed commercial enterprises to grow, and reduced the use of cooperatives.<sup>77</sup> However, it also began to open the economy to outside investment and influence. In this case, the balancing options for addressing both internal and external threats aligned to push Vietnam toward a broader international integration.

In 1988, the Vietnamese government adopted a resolution that put diplomacy as the number one priority ahead of military strength and economic growth marking a notable change in emphasis from traditional self-help strategies to greater regional integration.<sup>78</sup> This step was not taken in response to a change in external threats but as a way “to stabilize the domestic situation and set the base for economic development over

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<sup>76</sup> D. R. SarDesai, *Vietnam: Past and Present* (Boulder: Westview Press, 1998), 100.

<sup>77</sup> Ninh, “Vietnam: Struggle and Cooperation,” 451–452.

<sup>78</sup> Nguyen Vu Tung, “Vietnam-Thailand Relations after the Cold War,” in *International Relations in Southeast Asia: Between Bilateralism and Multilateralism*, ed. Ramses Amer and N. Ganesan, 67–91  
Carllyle A. Thayer, “Upholding State Sovereignty Through Global Integration: The Remaking of Vietnamese National Security Policy,” (paper presented to Workshop on “Viet Nam, East Asia & Beyond “ Hong Kong, December 11–12, 2008).

the next ten to fifteen years.”<sup>79</sup> In fact, Vietnamese foreign policy during the late 1980s and early 1990s does not appear to be directed toward counterbalancing any particular threat or cultivating a specific relationship. Instead, unconstrained by any serious external threats due to its withdrawal from Cambodia and the rapprochement between China and the Soviet Union, Vietnam was able to pursue a wider variety of relationships in order to determine which were most beneficial without the need to make any firm commitments. In 1989, Vietnam had diplomatic relationships with twenty-three countries; by the mid-1990s that number was 163, including all five permanent members of the UN Security Council. In 1995, Vietnam normalized relations with the United States, joined ASEAN and signed a cooperation agreement with the European Union.<sup>80</sup>

### **1. Domestic Constraints**

While Vietnamese foreign policy was largely in-line with the predictions of balance of threat theory, Vietnam was not completely free from domestic constraints. The relative lack of external threats following the settlement of the Cambodian conflict in 1991 allowed domestic politics to exert a larger influence than they had before. The Communist Party of Vietnam may be the only political party in Vietnam, but inside the party, there are debates about how foreign policy should be conducted. Since the 1980s, CPV members have been divided between two general strategies, a strategy of “integration,” promoted by the “modernizers,” and a strategy of “anti-imperialism,” promoted by the “conservatives.”<sup>81</sup> During much of the period after the Cambodia conflict, the Vietnamese government operated at varying points along a spectrum between expanding its foreign relationships and bolstering regime authority through closer association with China depending on which group, the modernizers or the conservatives, held the greatest level of influence. When ideological encroachment from the west threatened to delegitimize the regime, a danger the conservatives referred to as peaceful evolution, the conservatives gained the upper hand and foreign policy would be

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<sup>79</sup> Carlyle A. Thayer, “Vietnamese Foreign Policy,” in *Vietnamese Foreign Policy in Transition*, ed. Carlyle A. Thayer and Ramses Amer, 1–24 (New York: St. Martin’s Press, 1999).

<sup>80</sup> Thayer, “Vietnamese Foreign Policy,” 3–5.

<sup>81</sup> Vuving, “Strategy and Evolution of Vietnam’s China,” 821.

based increasingly on ideology. When the country faltered economically causing internal instability, support would swing back toward the modernizers and foreign policy would focus again on external integration. Changing influence between modernizers and conservatives was slight and led to relative moderation in Vietnam's foreign policy. Throughout these shifts, sufficient support for the opposing position remained to restrain Vietnamese foreign policy from leaning too far in a single direction.

As the socialist regimes in Russia and Eastern Europe began to crumble in 1990, concerns about the demise of socialism and the infiltration of western ideologies allowed conservatives in the government to gain the upper hand and Vietnam sought to improve relations with China as a replacement for Soviet socialist stewardship. This resulted in the normalization of relations between the two countries in 1991. With the upper hand, the conservative elements, which dominate the military and security apparatus, approached China for more specific commitments; including security guarantees in the form of a military alliance. But, these offers were snubbed by China. The inability to establish socialist solidarity, and the uncertainty that it created in Vietnam, allowed the modernizers to regain influence.<sup>82</sup> In 1997, the Asian financial crisis struck the region. Three of Vietnam's largest trading and investment partners, Japan, South Korea and Taiwan were significantly affected and Vietnam was unable to sustain its high GDP growth rate.<sup>83</sup> This dealt a significant blow to the modernizers' export driven economic model and led to the replacement of moderate Do Muoi with Le Kha Phieu as the CPV General Secretary, who pursued a hard-line policy of anti-imperialism in domestic and foreign affairs.<sup>84</sup> This shifted Vietnamese foreign policy back toward favoring China as a model for anti-imperialism, but Vietnamese proposals that supported establishing closer relations with China were again snubbed by Beijing, and so the policy shifted toward strengthening other foreign relationships by the early 2000s.<sup>85</sup>

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<sup>82</sup> David Wurfel, "Between China and ASEAN," in *Vietnamese Foreign Policy in Transition*, ed. Carlyle A. Thayer and Ramses Amer, 148–169 (New York: St. Martin's Press, 1999), 152–154.

<sup>83</sup> Thayer, "Vietnamese Foreign Policy," 10.

<sup>84</sup> Vuving, "Strategy and Evolution of Vietnam's China Policy," 816.

<sup>85</sup> Ibid, 816–818.



### **C. VIETNAM'S TWENTY-FIRST CENTURY FOREIGN RELATIONS**

The changing political environment in the Pacific has begun to challenge this framework. By comparing Vietnam's foreign policies in the first half of the decade with those in the second, it is easy to see an increased urgency in their relations with regional powers other than China that coincides with the growing threat to Vietnamese economic security that China's increasingly aggressive behavior represents.

At the same time, Vietnam's continued economic growth following the recovery from the Asian financial crisis has, to some degree, marginalized those within the Vietnamese leadership in favor of more conservative policies. Additionally, due to China's growing assertiveness over territorial claims, it is becoming harder for the conservatives to view China as the anti-imperialist power or the ideological alternative to counter western encroachment. Instead, Chinese economic and territorial encroachment is creating a possibility for alignment between modernizers and conservatives in the VCP that could reduce domestic constraints and facilitate a larger shift in Vietnamese foreign policy. In line with this idea, in 2003, Vietnam adopted the "Strategy of Fatherland Defense in a New Situation," which changed how Vietnam defined external threats. Under the policy, support for Vietnam's goals, not shared ideology, was the primary criteria for identifying Vietnam's friends.

Increasing Chinese offensive power and the reduction of domestic constraints would be predicted to push Vietnam into more clearly defined balancing behavior against China. The following sections validate that the prediction but show how it has manifested in a unique way..

#### **1. 2000–2005**

In the early portion of the twenty-first century, Vietnam continued the relatively wide-ranging development of its foreign relations that it had begun in the early 1990s. With the United States, Vietnam began exchanging high-level visits in 2001, when President Clinton became the first U.S. President to travel to Vietnam since the war. Having already lifted trade embargos on Vietnam and allowing the IMF and the World Bank to resume lending to Vietnam in the 1990s, the United States further expanded its

economic relationship with Vietnam in December of 2001 by signing a Bilateral Trade Agreement (BTA).<sup>86</sup> The BTA expanded the trade between the United States and Vietnam by opening U.S. markets to the Vietnamese and reforming Vietnam's commercial and legal systems, and provided another step in fostering the growing relationship between the states. In 2000, Vietnam authorized the opening of a USAID office in Hanoi, which, over the last decade has provided over \$330 million in humanitarian and development aid, making Vietnam one of the largest recipients of U.S. aid in Asia.<sup>87</sup>

Despite a slow start, the U.S.-Vietnam security relationship during this time also began to take hold. Initial approaches for military exchanges by the United States in the late 1990s were met with reluctance in Vietnam. POW/MIA issues were the primary focus of early discussions but by the end of the decade these talks included subjects such as military medicine and science, as well as disaster relief.<sup>88</sup> This initial reluctance was likely due to both the more conservative elements in the Vietnamese government gaining power after the Asian financial crisis and the dominance of these leaders in the military establishment. In 2000, during a visit by the U.S. Secretary of Defense, the Vietnamese Defense Minister agreed to allow U.S. ship visits to Vietnam.<sup>89</sup> In 2003, the USS Vandegrift conducted the first of these visits to Ho Chi Minh City since the war. This visit, and the Vietnamese Defense Minister's trip to Washington, DC in the same month, began a series of successes in promoting a military relationship, and by 2004, the United States and Vietnam conducted the first annual defense dialogue.

Chinese and Vietnamese relations proceeded similarly. Following the normalization of relations in 1991, both countries began diplomatic work to settle

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<sup>86</sup> Brown, "Rapprochement," 324.

<sup>87</sup> Mark E Manyin, "U.S.-Vietnam Relations in 2010: Current Issues and Implications for U.S. Policy," *Congressional Research Service*, August 6, 2010, [http://assets.opencrs.com/rpts/R4028\\_20200806](http://assets.opencrs.com/rpts/R4028_20200806) (accessed September 3, 2011), 10.

<sup>88</sup> Lewis M. Stern, "U.S. Vietnam Defense Relations: Deepening Ties, Adding Relevance," *Institute for National Strategic Studies, National Defense University*, September 2009, <https://digitalndulibrary.ndu.edu/cdm4/document.php?CISOROOT=/ndupress&CISOPTR=39297&REC=15> (accessed September 4, 2011).1-2.

<sup>89</sup> *Ibid.*, 3.

maritime and land disputes. In 1999, they came to an agreement on the land border and in 2000 an agreement was reached on the maritime boundaries in the Gulf of Tonkin but not in the South China Sea.<sup>90</sup> In that same year, China and Vietnam also issued a Joint Statement for Comprehensive Cooperation in the New Century that outlined a structure for advancing future cooperation.<sup>91</sup> Since that time, the relationship between the two countries grew, the two signed over 100 state-level agreements concerning economic, diplomatic and military cooperation, and conducted regular annual visits between senior leaders and exchanging over 100 lower level party delegations each year.<sup>92</sup> Party-to-party relations helped to drive much of this cooperation through regular meetings.<sup>93</sup>

Military cooperation between the two countries was more modest. Contrary to the cooperative framework agreements China signed with Thailand, Malaysia, Brunei, Singapore, the Philippines and Laos, the agreement signed with Vietnam failed to include a reference to security cooperation. Instead, it included a joint statement claiming that “both sides will refrain from taking any action that might complicate and escalate disputes, resorting to force or making threats with force.”<sup>94</sup> This vague arrangement provided a weak foundation for the growth of military ties, and there was very little development.

While the focus of this chapter is on the Vietnamese relationship with China and the United States, given their dominant role in the Pacific, it is worth noting some of Vietnam’s other foreign policy actions during that time. Vietnam continued its long-time relationship with India. Most of this cooperation in the late 1990s and early 2000s was

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<sup>90</sup> Carlyle A. Thayer, “The Structure of Vietnam-China Relations, 1991–2008: Paper for the 3rd International Conference on Vietnamese Studies, Hanoi, Vietnam,” *Viet-Studies*, December 2008, [http://www.viet-studies.info/kinhte/Thayer\\_Sino\\_Viet\\_1991\\_2008.pdf](http://www.viet-studies.info/kinhte/Thayer_Sino_Viet_1991_2008.pdf) (accessed September 7, 2011), 3.

<sup>91</sup> Thayer, “The Structure of Vietnam-China Relations,” 3.

<sup>92</sup> Ibid, 7, Vietnam Ministry of Foreign Affairs, *Vietnam-China Relationship Unceasingly Developed*, October 2004, [http://www.mofa.gov.vn/en/cn\\_vakv/ca\\_tbd/nr040818094447/ns050117143913#1RR9TUTwq5cg](http://www.mofa.gov.vn/en/cn_vakv/ca_tbd/nr040818094447/ns050117143913#1RR9TUTwq5cg) (accessed September 4, 2011).

<sup>93</sup> Carlyle A. Thayer, “The Tyranny of Geography: Vietnamese Strategies to Constrain China in the South China Sea,” *Paper to International Studies Association 52nd Annual Convention* (Montreal, March 16–19, 2011), 3–4.

<sup>94</sup> Thayer, “The Structure of Vietnam-China Relations,” 3.

economic in nature and designed to encourage trade. Still, in 2000, the Indian Defense Minister visited Vietnam and signed a defense cooperation agreement that outlined information sharing initiatives and plans for joint naval exercises and patrols.<sup>95</sup> Vietnam deepened its relationship with its Southeast Asian neighbors by further integrating itself into ASEAN and the ASEAN Free Trade Area. And, Vietnam's relationship with Russia, while still guarded was given some new life through discussions over arms sales and military assistance.

## **2. Growing Conflict in the South China Sea**

While Vietnamese leadership has been reluctant to describe China as a threat, the increasingly heated situation in the South China Sea presents an economic threat that Vietnam has been increasingly quick to point out. The South China Sea has been a long point of contention between the two states and discussions on the maritime boundaries began in 1995 but have been unsuccessful in resolving the issue.<sup>96</sup> Vietnam agreed to a joint exploration agreement with China and the Philippines called the Joint Marine Seismic Undertaking (JMSU) in 2005, but it was not renewed after 2008 when domestic political pressure in the Philippines unraveled the agreement in 2008 and Vietnam has not sought out any similar agreements with the Chinese.<sup>97</sup>

Chinese assertiveness toward Vietnamese claimed territory began to increase markedly in 2007. In April 2007, PLA(N) vessels detained four Vietnamese fishing boats operating in the Spratly Islands and in June, a Vietnamese fishing vessel was sunk and a Vietnamese fisherman killed by a PLA(N) vessel. Later that year, the PLA(N) conducted a naval exercise in the Paracel Islands adding further fuel to the fire and provoking renewed protests from Vietnam. Also in 2007, China designated Sansha City on Hainan Island as the administrative authority for the Paracels and Spratlys in an effort to bolster its claim of "irrefutable sovereignty," provoking official and popular protests in

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<sup>95</sup> Pankaj K. Jha, "India-Vietnam Relations: Need for Enhanced Cooperation," *Strategic Analysis* 32, no. 6 (November 2008): 1087.

<sup>96</sup> Thayer, "The Structure of Vietnam-China Relations," 3.

<sup>97</sup> Ernest Bower, "The JMSU: A Tale of Bilateralism and Secrecy in the South China Sea," *Center for Strategic and International Studies*, July 27, 2010, [http://csis.org/files/publication/100727\\_seasia\\_newslette.pdf](http://csis.org/files/publication/100727_seasia_newslette.pdf) (accessed December 4, 2011).

Vietnam.<sup>98</sup> In 2008 and 2009 during a Chinese declared fishing ban from May to August, Chinese fishery vessels chased, boarded, ceased, and in one case, sank Vietnamese fishing vessels.<sup>99</sup> These types of interactions continued in 2010 and escalated in 2011 to include Vietnamese Survey vessels. In May and June, Vietnam accused Chinese vessels of harassing a Vietnamese survey vessel and cutting both vessels survey cables before chasing them off. The heated exchange led both countries to conduct naval exercises in the area later that month.<sup>100</sup>

Coinciding with this increased aggression, the Vietnamese leadership has placed a growing importance on developing the marine economy. In 2010, Vietnam's Department for Sea and Islands Exploitation and Management, the agency responsible for coordinating the development of Vietnam's maritime economy, stated that the contribution to Vietnam's GDP from the marine economy was around 47%, and that by 2020 it is expected to approach 55%.<sup>101</sup> Vietnam's most recent National Defense White Paper in 2009 claims that, "the complicated developments [in the South China Sea] so far have seriously affected many activities and the maritime economic development of Vietnam."<sup>102</sup> British Petroleum and Exxon Mobil both suspended efforts to jointly develop off shore gas fields with Vietnam in 2007 and 2008 when China objected and threatened the companies' commercial operations in China. These companies have since reopened their talks with the Vietnamese government but China's interference

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<sup>98</sup> Thayer, "The Structure of Vietnam-China Relations," 19–21.

<sup>99</sup> Ian Storey and Carlyle A Thayer, "The South China Sea Dispute: A Review of Developments and their Implications since the 2002 Declaration on the Conduct of Parties," *Scribd - Storey and Thayer South China Sea Tensions*, 2010, <http://www.scribd.com/doc/32797440/Storey-and-Thayer-South-China-Sea-Tensions> (accessed November 29, 2011), 8-10.

<sup>100</sup> Michael Wines, "China-Vietnam Dispute Grows with Naval Maneuvers," *The New York Times Online*, June 10, 2011, <http://www.nytimes.com/2011/06/11/world/asia/11vietnam.html> (accessed September 10, 2011); Carlyle A. Thayer, "China's New Wave of Aggressive Assertiveness in the South China Sea," *International Journal of China Studies* 2, no. 3,(December 2011): 573–574.

<sup>101</sup> Communist Party of Vietnam, "Vietnam to Raise Profile as Maritime Nation." *Communist Party of Vietnam Online Newspaper*, April 6, 2010, [http://www.cpv.org.vn/cpv/Modules/Preview/PrintPreview\\_En.aspx?co\\_id=30105&cn\\_id=406817](http://www.cpv.org.vn/cpv/Modules/Preview/PrintPreview_En.aspx?co_id=30105&cn_id=406817), (accessed December 6, 2011).

<sup>102</sup> Vietnam Ministry of National Defence, *Vietnam National Defence White Paper* (December 2009), 18.

complicates these negotiations.<sup>103</sup> While remaining unconnected in official Vietnamese leadership statements, Chinese continued assertiveness and encroachment on Vietnam's maritime sovereignty potentially threatens more than half of Vietnam's future GDP. In this light, it is both an external threat to economic security and an internal threat to the legitimacy of the VCP, which is increasingly tied to economic growth.

### **3. 2005–2011**

Having demonstrated the growing threat to Vietnam's economic security in the second half of the last decade, this section will now discuss how that threat has affected Vietnamese foreign policy and resulted in a broad balancing strategy with the United States and other regional powers. Vietnamese-U.S. relations during the second half of the decade began with a 2005 visit to Washington DC by Vietnam's Prime Minister and a visit to Vietnam the following year by President Bush. A series of high-level meetings between 2005 and 2008 resulted in a number of agreements concerning energy and technical cooperation, labor and aviation issues.<sup>104</sup> The growth in economic cooperation between the United States and Vietnam expanded as well. In 2006, the U.S. Congress approved permanent normal trade relations with Vietnam, paving the way for Vietnam to join the WTO in January 2007. This increasing openness in economic ties has made the United States Vietnam's largest export market, accounting for about 20% of all exports in 2009.<sup>105</sup>

Security cooperation has not only grown since 2005, Vietnam has begun raising initiatives for areas of cooperation indicating a new willingness to cooperate. In 2005, Vietnam agreed to participate in the U.S.'s International Military Education Training (IMET) program and has increased its participation steadily. Foreign military sales by the United States., and the pace of senior level visits, also began to pick up. Secretary Rumsfeld hosted a meeting with the Vietnamese Prime Minister in 2005 and visited

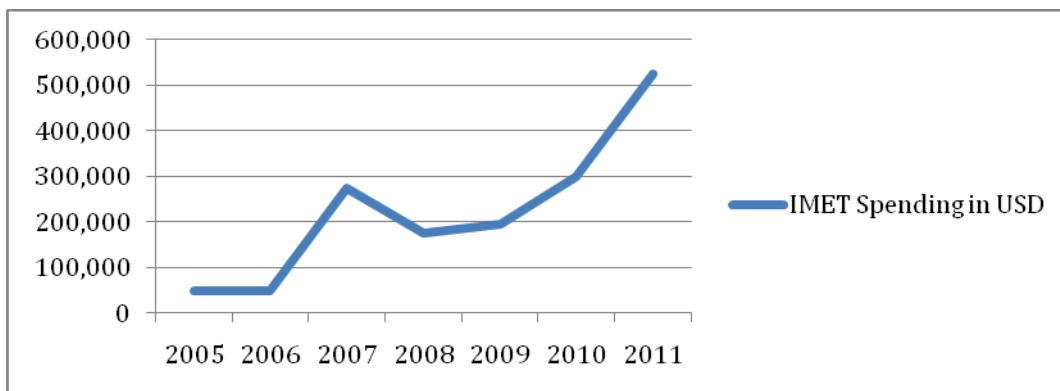
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<sup>103</sup> Storey and Thayer, "The South China Sea Dispute," 9.

<sup>104</sup> Manyin, "U.S. Vietnam Relations 2010," 8–9; Embassy of the United States Hanoi, Vietnam, *Chronology of U.S. Vietnam Relations*, July 2010, <http://vietnam.usembassy.gov/chronology.html> (accessed September 4, 2011).

<sup>105</sup> Manyin, "U.S. Vietnam Relations 2010," 13–14.

Hanoi in 2006. A senior PACOM service leader has visited Vietnam every year since 2004 and the PACOM commander visited personally in 2004, 2006 and 2007. In 2008, the two countries began an annual Security Dialogue on Political, Security and Defense issues among civilian leaders. These dialogues have led to increased cooperation in peacekeeping, disaster relief, and search and rescue operations.<sup>106</sup> As with Finland, Vietnam's proximity to China potential exposes it to coercion by Beijing. In that light, the growth of these security engagements indicate that Vietnam may be more concerned about balancing the threat of China than it is with provoking it.



**Figure 2. U.S. IMET Funding for Vietnam**

Corresponding to the increase of incidents in the South China Sea, 2010 marked a remarkable year in U.S. Vietnamese relations. In 2010, the U.S. and Vietnam conducted a joint naval exercise in the South China Sea focusing on damage control and search and rescue and U.S. Navy ship visits have increased as Vietnam has chosen to disregard the previously informal rule of “one ship visit per year.”<sup>107</sup> In August of 2010, the United States and Vietnam held the first Defense Policy Dialogue, the first formalized venue for security discussions between military officials. Finally, in 2011, plans were laid that for Vietnamese officers to attend the National War College and the Naval War College.<sup>108</sup>

<sup>106</sup> Manyin, “U.S. Vietnam Relations 2010,” 20–24.

<sup>107</sup> Stern, *U.S. Vietnam Defense*, 5–6.; BBC News, *U.S. and Vietnam Stage Joint Naval Activities*, August 10, 2010, <http://www.bbc.co.uk/news/world-asia-pacific-10925061> (accessed September 4, 2011).

<sup>108</sup> Mark E. Manyin, “U.S.-Vietnam Relations in 2011: Current Issues and Implications for U.S. Policy,” *Congressional Research Service*, July 26, 2011, <http://www.fas.org/sgp/crs/row/R40208.pdf> (accessed November 20, 2011), 19–20.

More notable, however, was Vietnam's willingness to align with the United States in voicing concern over China's behavior. In 2010, both Secretary of State Clinton and Secretary of Defense Gates visited Vietnam. During Secretary Clinton's visit, Vietnam joined the United States and other Southeast Asian nations in collectively registering their concern over Chinese behavior in the South China Sea at the ASEAN Regional Forum and repeated that sentiment at the recent East Asia Summit.

While party-to-party relationships between Vietnam and China have continued relatively steady, the official relationship has been less productive. The greatest area of growth has been their economic relationship. Total trade between the two countries has grown from \$3 million in 2000 to \$23.1 billion in 2010, an average of 33.95% growth per year.<sup>109</sup> By contrast U.S. trade with Vietnam, while still substantial, was less than \$16 billion in 2009, although Vietnam currently enjoys a surplus in its trade with the United States of nearly \$8 billion.<sup>110</sup> A great deal of diplomatic energy between the two countries during the last several years has been dedicated to crisis management as disputes have arisen. This has resulted in few major agreements. In 2008, at a party summit, the two countries elevated their relationship to a strategic partnership and in 2009, a strategic cooperative partnership.<sup>111</sup>

Sino-Vietnamese security cooperation continued its plodding development as well. In 2005 the two countries conducted their first defense security consultations, but it wasn't until 2010 that they conducted their first Strategic Defense Security Dialogue.<sup>112</sup> As they have been with the United States, Vietnam has been cautious about operational interactions with Chinese forces. In 2006, China and Vietnam began joint navy patrols in

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<sup>109</sup> Ha Thi Hong Van; Do Tien Sam, "Vietnam-China Trade, FDI and ODA Relations (1998–2008) and the Impacts upon Vietnam," *Institute of Developing Economies - Japan External Trade Organization*, 2009, <http://www.ide.go.jp/English/Publish/Download/Brc/index.html> (accessed September 5, 2011).

<sup>110</sup> Vietnam Business Forum, "Vietnam Incurs \$10.5B Trade Deficit with China in Jan-Oct: GSO," *Vietnam Chamber of Commerce*, December 1, 2010, [http://www.vccnews.com/news\\_detail.asp?news\\_id=22104](http://www.vccnews.com/news_detail.asp?news_id=22104) (accessed September 3, 2011); Brown, "Rapprochement," 324.

<sup>111</sup> Manyin, "U.S. Vietnam Relations 2010," 4.

<sup>112</sup> Thayer, "The Tyranny of Geography," 4.



the Gulf of Tonkin. These patrols have been conducted twice a year, usually involving a PLA(N) frigate and one or two Vietnamese patrol craft, but there have been no further discussions about expanding these patrols.

Vietnam's relationships with other regional powers grew during this period. Though relations with Russia remain modest, Russia has been awarded the first contract for a nuclear power plant in exchange for military arms sales. India continues to work to assist Vietnam with upgrading its existing Soviet equipment has conducted occasional military exercises with Vietnam. Japan has been awarded the contract for two additional nuclear power plants in Vietnam and has been Vietnam's primary source for development assistance, and access to technology. South Korea has also emerged as a partner with Vietnam through both development assistance and as the hub of Vietnam's shipbuilding industry.<sup>113</sup>

#### **4. Vietnamese Internal Balancing**

If Vietnam truly began balancing against China in the second half of the last decade, in addition to external balancing, the theory predicts that it would also internally balance. The results, however, are inconclusive. Vietnam has worked to modernize and expand its military force, but the pace of this modernization has not been extraordinary. In the years following the withdrawal of Soviet support for Vietnam, without external funding or an immediate threat to justify spending, the military was allowed to languish in relative mediocrity. By the mid-1990s, Vietnamese economic growth enabled Hanoi to begin addressing this deficiency. Its first steps were focused on rebuilding its naval and air forces. With Russian assistance, Vietnam upgraded 34 SU-22s airframes and acquired four Molniya-class corvettes. In 2000, Vietnam signed a Defense Co-operation Agreement with India that included a provision for overhauling Vietnam's MiG aircraft and purchased 10 additional Su-22s from the Czech Republic in 2004. Vietnam's most recent round of purchases occurred in the last several years. In keeping with its diplomatic efforts, Vietnam has sought to diversify its sources of foreign military

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<sup>113</sup> Carlyle A. Thayer, "Background Briefing: Vietnam's Relations with Russia, Japan South Korea Laos and Cambodia," Thayer Consultancy, <http://www.scribd.com/doc/44037004/Thayer-Vietnam-s-Relations-With-Regional-States> (accessed December 6, 2011).

equipment. It has placed orders with Canada and Poland for maritime patrol aircraft, and with France for the development and launch of a communications satellite. Russia however remains Vietnam's primary source for military hardware. Vietnam recently reached an agreement with Russia to obtain six Kilo-class diesel submarines and eight Su-30 fighters.<sup>114</sup>

Vietnam's economic growth has allowed it to pursue these procurement measures. Vietnam has modestly increased military spending over the last decade while simultaneously reducing the percentage of GDP that Vietnam spends on its defense. As with China, it is difficult to determine Vietnam's true military spending levels, but most observers believe that the true number is approximately twice what the Vietnamese government reports. Australia's Defence Intelligence Office estimates that between 2000 and 2007, the Vietnamese real defense budget grew from \$2.7 billion to \$3.1 billion (in 2005 USD) while decreasing from 6.2% of GDP to 5.2%. Inflation and the global economic crisis greatly reduced defense spending in 2008, dropping the defense budget to 2000 levels. But, as the Vietnamese economy has recovered, defense spending levels have resumed their previous levels and appear to be on the rise.<sup>115</sup>

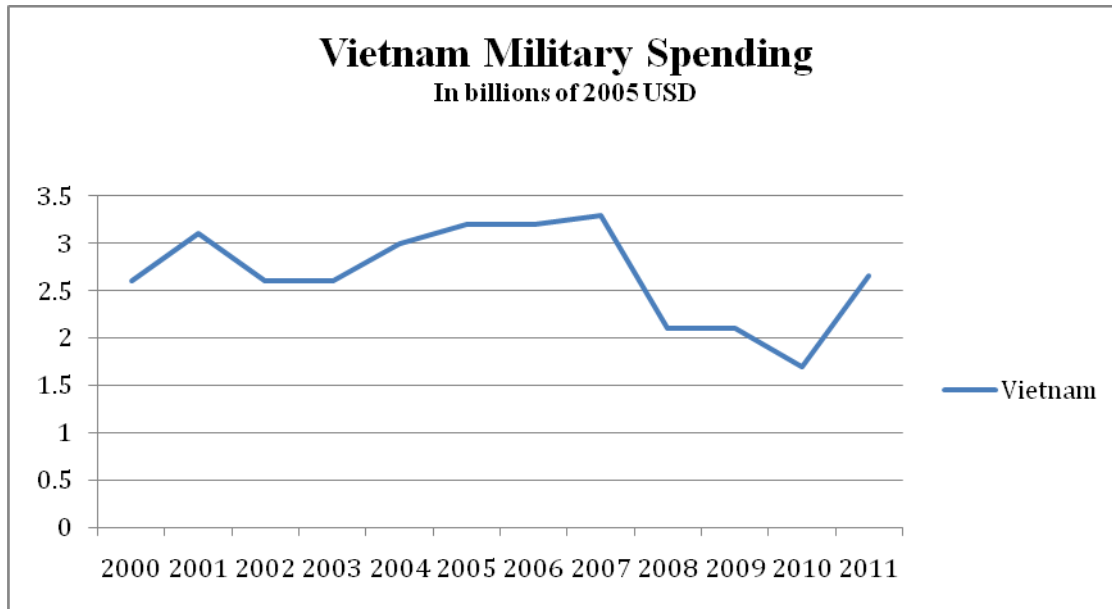
Compared to the other Southeast Asian nations, Vietnam's total military spending ranks fifth behind Singapore, Thailand, Malaysia, and Indonesia. In terms of the portion of GDP spent on defense, however, Vietnam led Southeast Asia in that category until 2008 when it slipped below Singapore. It remained number two at 2.3% of GDP as of 2010, but as the below chart shows, Vietnam's initial emergence from its economic woes in 2011 is likely to lead to a renewed focus on modernization and increased spending.<sup>116</sup>

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<sup>114</sup> IHS Jane's: Defence & Security Intelligence & Analysis, *Jane's Sentinel Security Assessment*, July 13, 2011, [http://www4.janes.com/subscribe/sentinel/SEAS\\_doc\\_view.jsp?Sent\\_Country=Vietnam&Prod\\_Name=SEAS&K2DocKey=/content1/janesdata/sent/seasu/viets010.htm@current#toclink-j0011030023105](http://www4.janes.com/subscribe/sentinel/SEAS_doc_view.jsp?Sent_Country=Vietnam&Prod_Name=SEAS&K2DocKey=/content1/janesdata/sent/seasu/viets010.htm@current#toclink-j0011030023105) (accessed December 1, 2011).

<sup>115</sup> Australian Defence Intelligence Organization, "Defence Economic Trends in the Asia-Pacific 2010," *Australian Government, Department of Defence*, 2010, [http://www.defence.gov.au/dio/documents/DET\\_10.pdf](http://www.defence.gov.au/dio/documents/DET_10.pdf) (accessed November 30, 2011), 26–27.

<sup>116</sup> *Ibid.*, 4–5.



**Figure 3. Vietnam's Estimated Military Spending in 2005 USD**

#### **D. CONCLUSION**

Vietnam's behavior since the early 1990s validates some of the ideas laid out in the opening chapter. After withdrawing from Cambodia, the external threat environment relaxed and allowed Vietnam the flexibility to entertain a wider range of foreign policies to negotiate the arrangements that were most beneficial to Vietnam's need for expanded economic growth. The success of these policies also reduced the constraints on Vietnamese policies by marginalizing the more conservative elements of Vietnamese leadership, further spurring this expansive foreign policy. However, as the Chinese threat to Vietnamese economic security and sovereignty has grown, Vietnam has not reacted entirely as predicated.

Vietnam's external balancing against China is subtler than predicted and presents some new ideas for interpreting the theories. Since the emergence of China's most assertive behavior in 2007, Vietnam has certainly grown closer to the United States, but it does not approach the type of alignment that would be expected. This result can be accounted for in a couple of ways. First, Walt's theory predicts which states others will balance against. It does not predict who they will balance with, beyond the fact that the

other state must, by definition, be less threatening. In a bipolar world like the one in which Walt composed his theory, it is an either-or proposition. In a multi-polar structure though, there is increased flexibility and states are not forced to choose a single partner to balance with. This has allowed Vietnam to adopt a more distributed balancing approach by picking and choosing the most beneficial arrangements from a number of regional powers to balance China's growing influence while mitigating the risk of abandonment or entrapment.<sup>117</sup> From the United States, Vietnam gains security and economic assistance, from Russia, military arms, from India the friendship of an increasingly powerful country on the immediate periphery of China, and from Japan and South Korea economic and technological development assistance. As a whole, these arrangements represent a pretty significant balancing posture toward China.

Yet, balancing typically implies a distancing from the threatening power that is not as evident in this case. While Vietnam's diplomatic and security engagement with China has slowed, it has not stopped and economic relations continue to grow rapidly. The theory laid out in Chapter I presents the rearrangement of relationships as a bargaining strategy, whereby states attempt to develop new relationships before severing the old. In this light it would seem that Vietnam has not yet been able to attain the acceptable levels of integration with its balancing partners, especially in the economic realm to make up for the losses it would incur in severing its relationships with China. These efforts to find alternative arrangements will become increasingly difficult as the coercive effect of China's proximity and power creates a situation in which Vietnam must increasingly take into account Chinese response to Vietnamese initiatives for external cooperation, and therefore, constrains Vietnam's balancing behavior.

In terms of internal balancing, Vietnam's actions have not been as predicted. The Vietnamese acquisition program certainly seems aggressive in terms of the types of capabilities Vietnam is seeking to incorporate, but defense spending has not increased as significantly as would be expected. In fact, spending is just now approaching the levels of the early part of the decade. Certainly, the global economic crisis and high Vietnamese

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<sup>117</sup> Authors interview with anonymous academic in Singapore, August 25, 2011.

inflation account for some of this, but defense spending as a portion of GDP has dropped as well in the past decade. The reasons for this are unclear. The political infighting between the modernizers and the conservatives cannot account for it as both groups tend to support the military modernization efforts. Vietnam's external balancing also cannot explain it. While the security relationships have grown, none provide the strong guarantee of Vietnamese security that would be required to account for Vietnam's low levels of internal balancing. The real emergence of the threat in 2007 at a time of economic downturn certainly complicates this analysis. It is possible that as the Vietnamese economy emerges from its slump, assuming the external conditions remain, defense spending may begin to grow at a faster rate. If military spending increases do not occur though, the theory outlined in Chapter I will need to be re-examined to explain this deficiency. It may also be interesting to look at how inability to internally balance, due to economic constraints, alters state behavior.

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## **V. SINGAPORE**

Singapore's foreign policy since its independence is a product of a sense of vulnerability that comes from its small size, lack of resources and its perceptions of external threat. Overcoming its vulnerability and ensuring its security has been the almost singular focus in its relations with other countries under the stewardship of an elite few. But, a single priority does not mean that Singapore's foreign policy has been static. As the threats to its survival have changed, Singapore has altered its foreign policy to balance against them in an extraordinarily flexible and highly pragmatic manner. In its early years of independence, its policies focused on countering the threat from its immediate neighbors, Indonesia and Malaysia, through broad international engagement to gain recognition for its sovereignty and efforts to develop its military. As relations with those countries stabilized and communism spread in Southeast Asia, its policies shifted to counter that threat by aligning with its fellow ASEAN members, as well as the United States, and to a limited extent, China. The end of the Cold War and the rise of China present a new situation for Singapore. Singapore's resolution of its regional conflict, its lack of historical conflict with China, and the comfortable distance that it enjoys allows Singapore to view the rise of China as an opportunity rather than a threat. Because of that perception, Singapore is relatively free to negotiate state-to-state relationships that most benefit Singapore and provide it with the greatest opportunity for gain without the constraints of domestic politics or overriding external security concerns.

### **A. LACK OF INTERNAL CONSTRAINTS**

A single party, the People's Action Party, has governed Singapore since its independence in 1965. Inside that party, Lee Kuan Yew and an elite few have been responsible for formulating Singapore's foreign policy. As Narayanan Ganesan has stated, "The security discourse in Singapore is monopolized by a small group of political leaders and the bureaucratic elite. Their definition of security is generally not

contested.”<sup>118</sup> Singapore’s leaders used the uncertainty of Singapore’s international situation at independence to consolidate their control over foreign affairs and have repeatedly beat that drum as a means of justifying their control, arguing that the highly centralized decision making allows Singapore to respond more efficiently and effectively to potential crisis.<sup>119</sup> Thus, it has virtually eliminated the domestic political impact on foreign policy. The result is that, foreign policy decisions are made by an elite few based exclusively on their perceptions of the threats facing Singapore. This long-standing control by a small number of leaders and the minuscule influence of domestic politics has resulted in a remarkably consistent security policy that focuses on internal strengthening and external engagement to counter its most dominant threats.

## **B. COLD WAR AND POST-COLD WAR**

### **1. Post-Independence**

In the early days of Singapore’s independence, its greatest threat was from its regional neighbors. In 1965, Singapore was expelled from the Federation of Malaysia after heated political and ethnic differences proved to be impossible to overcome. The acrimonious break with Malaysia to the north and the ongoing policy of Konfrontasi by Indonesia to the south left Singapore surrounded by potentially hostile forces. Konfrontasi ended a year later, but the peace agreement reached between Indonesia and Malaysia excluded Singapore and stressed the “common Malay blood-brotherhood” between the two states, creating a dangerous situation for Chinese dominated Singapore.<sup>120</sup> Thus, “the new state began its independent existence with a deep-seated and well-founded mistrust of its nearest neighbors,” that has never been completely forgotten.<sup>121</sup>

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<sup>118</sup> Narayanan Ganesan, “Singapore: Realist cum Trading State,” in *Asian Security Practice: Material and Ideational Influences*, ed. Muthiah Alagappa, 579–607 (Stanford: Stanford University Press, 1998), 580.

<sup>119</sup> Michael Leifer, *Singapore’s Foreign Policy: Coping With Vulnerability* (New York: Routledge, 2000), 19–20.

<sup>120</sup> *Ibid.*, 37.

<sup>121</sup> *Ibid.*, 39.



The most immediate ways in which Singapore could counter the threat posed by its neighbors was through external engagement and internal balancing. To develop its armed forces, Singapore first looked to India and Egypt for assistance but both states were reluctant to help for fear of offending Malaysia. In the end, it entered into an agreement with Israel. Israeli doctrine and tactics were ideally suited to Singapore's size and situation and Singapore was able to create a capable force that was able to deter regional aggression in its early and uncertain days.<sup>122</sup> During the 1960s and 1970s, Singapore spent between 25% and 38% of the national budget on defense spending and expanded the army from two infantry battalions to two brigades, which included infantry, armor and artillery elements. It also developed a small though capable air force and navy with the assistance of the British.<sup>123</sup>

Singapore's policy of external engagement was not intended so much to balance against the threat from Malaysia and Indonesia directly as it was to secure international recognition of its sovereignty. These early endeavors are worth a closer examination as they demonstrate the flexibility and pragmatism of Singapore's alignment choices and point to early evidence of Singapore's reluctance to tie interests too closely with a single power.<sup>124</sup> To gain support for its membership in the United Nations by the Soviet Union and the growing nonaligned movement, Singapore adopted a notably anti-U.S. position in 1965. Lee Kuan Yew publicly revealed details about a 1960 CIA attempt to bribe a member of the security service in Singapore and gave repeated assurances that the United States would be denied access to Singapore's bases. Once its sovereignty was recognized by the United Nations, however, it rapidly altered its position on the United States. The focus of its engagement became encouraging regional involvement by "a benign superpower that can protect the interests of vulnerable states."<sup>125</sup> To that end, in 1967,

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<sup>122</sup> Leifer, *Singapore's Foreign Policy*, 63–66.

<sup>123</sup> Rodney P. Katz, "A Country Study: Singapore," Library of Congress, December, 1989 <http://lcweb2.loc.gov/frd/cs/cshome.html> (accessed December 7, 2011).

<sup>124</sup> Author's interview, anonymous academic in Singapore, August 22, 2011.

<sup>125</sup> Ganesan, "Singapore: Realist cum Trading State, 599.

only two years after his earlier anti-U.S. statements, Lee Kuan Yew travelled to the United States for a meeting where he publicly expressed Singapore's support for the U.S. efforts in Vietnam.<sup>126</sup>

Singapore was successful in warding off aggression from its neighbors, but the threat from Indonesia and Malaysia continued to take center stage in Singaporean strategic thinking. Singapore's ethnic Chinese majority, and its choice of Israel as its partner in developing the Singapore Armed Forces, was not looked upon fondly by the Muslim leaders in Indonesia. Singapore was also highly dependent on Malaysia. Its small size prevented it from being able to provide all of its own water and so it relied on Malaysia to provide over half of the city-states water supply and a large portion of its food. This dependence created a significant vulnerability for Singapore.<sup>127</sup> Despite these issues, Singapore was able to successfully manage its relationships without war. In 1967, with the fall of Sukarno and a lessening of the threat from Indonesia, Singapore became one of the founding members of ASEAN along with Indonesia, Malaysia, the Philippines, and Thailand. Though the move pushed Singapore into greater alignment with its regional threats and Singapore was leery of the organization, it forced Malaysia and Indonesia to formally recognize Singapore's sovereignty.<sup>128</sup>

As the threat from Singapore closest neighbors began to decline, it was replaced by the threat of the spread of communism in Southeast Asia and the Soviet influence in Vietnam. To counter this threat, Singapore chose to align more closely with the United States. Singapore began a formal diplomatic relationship with the United States in 1965 that rested on a foundation of mutual concern over the spread of communism in Southeast Asia. Singapore saw the United States as a counter balance to communist influence in Indochina and the growing Soviet naval presence in the region. Singapore actively encouraged U.S. presence in South East Asia by providing R&R facilities to U.S. soldiers

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<sup>126</sup> Leifer, *Singapore's Foreign Policy*, 61–63.

<sup>127</sup> Anthony Smith, *Malaysia-Singapore Relations: Never mind the Rhetoric*, Special Assessment (Honolulu: Asia-Pacific Center for Security Studies, 2004).

<sup>128</sup> Donald E Weatherbee, *International Relations in Southeast Asia: The Struggle for Autonomy* (Lanham: Rowman & Littlefield Publishers, Inc., 2009), 72–73.

in Vietnam and voicing support for the U.S. presence in the Philippines and it grew gravely concerned by Nixon's establishment of the Guam Doctrine in 1969 and the U.S. withdrawal from Vietnam in 1973.

Singapore's relationship with China during the same period was clouded by China's ideological support for internal communist movements in Singapore and Malaysia that threatened the government's legitimacy. Additionally, Singapore worried that the a close association with China would raise regional concerns in its Malay neighbors that Singapore was acting as an "agent of China" due to its Chinese ethnic majority and therefor increase the external threats.<sup>129</sup> For those reasons, Singapore distanced itself from China, and its early engagement with Beijing was mostly on economic issues and was conducted through a branch of the Bank of China in Singapore.

It was not until the 1970s that the relationship began to change. By then the international stance on China had begun to soften and the United States began to view China as a counter-weight to the Soviet Union. Singapore voted for the PRCs admission to the United Nations in 1971 and Singapore's Foreign Minister conducted the first diplomatic visit to Beijing in 1975. That visit was followed a year later by Lee Kuan Yew and a reciprocal visit was conducted by Deng Xiaoping in 1978. The timing of this engagement is important. As was pointed out earlier, U.S. withdrawal from Vietnam and the declaration of the Guam doctrine generated concerns in Singapore about the growing Communist influence in Southeast Asia. The shrinking U.S. presence brought into question whether the United States remained a legitimate balancing force, and Singapore had few other legitimate options that could counter the strength of a Soviet supported Vietnam or the potential emergence of a hostile Indonesia. This again point to the importance of not only availability but also the credibility of existing balancing partners.

## **2. The Cambodia Conflict and the End of the Cold War**

The invasion of Cambodia by Vietnam greatly simplified Singapore's strategic calculus. It helped to solidify the ASEAN members under a common cause, and overshadowed individual bilateral disputes between the members, allowing them to be

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<sup>129</sup> Leifer, *Singapore's Foreign Policy*, 110.

resolved peacefully. It also aligned China's strategic goals with those of Singapore and ASEAN. Additionally, it drew the United States back into involvement in Southeast Asia through arms and funding for the Khmer groups fighting the Vietnamese installed government in Phnom Penh.<sup>130</sup> By reestablishing its presence in the region, the United States again became a legitimate balancing partner for Singapore

The withdrawal of Soviet support from Vietnam, accompanied by Vietnam's *doi moi* policies and withdrawal of forces from Cambodia lessened the threat posed by communist expansion in Southeast Asia at the end of the 1980s. This paved the way for Singapore's closer alignment with its Southeast Asian neighbors through expansion of ASEAN in the 1990s. During this same period, the two primary constraints on Singapore's closer alignment with China were at least partially lifted. The first constraint was China's continued support of communist insurgencies which internally threatened Singapore. Under China's reform program begun in China in 1978, China scaled back its support for insurgencies, and by the mid-1980s, they had stopped. The second constraint was the concern about regional reactions to a closer relationship with China. As an example of this constraint, during Lee Kuan Yew's first visit to China in 1976, "Lee made a point of only speaking in English on all official occasions in a conspicuous attempt to refute the charge that Singapore was a third China."<sup>131</sup> This concern was the primary reason for Singapore's delay in normalizing its relationship with China. Malaysia had done so in 1974 but Singapore made a point of waiting until Indonesia did the same before following in 1990. These developments significantly relaxed Singapore's threat situation. While uncertainty still remained, there was no clearly defined threat to balance away from. This allowed Singapore some diplomatic space to expand its engagements. Its lack of security threats allowed to bargain more effectively since it was not dependent on or committed to any particular relationship for security.<sup>132</sup>

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<sup>130</sup> Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order* (New York: Routledge, 2001), 85–88.

<sup>131</sup> Leifer, *Singapore's Foreign Policy*, 113.

<sup>132</sup> Author's interview, anonymous academic in Singapore, August 22, 2011.

The end of the Cold War, and the withdrawal of Vietnam from Cambodia, did not perceptibly change Singapore's attitudes toward U.S. engagement in the region though. Lee Kuan Yew still viewed an American presence in Southeast Asia as beneficial and necessary to ensure the freedom of navigation, so critical to Singapore's economy, and there were few other options to achieve this. Amidst the troubled negotiations between the United States and Philippines over the lease extension for basing facilities, Singapore and the United States signed an MOU in 1990 that allowed the United States military to use air and port facilities in Singapore and authorized the U.S. Navy's Pacific Logistics Command to establish permanent facilities there a year later. The SAF also began to conduct military exercises with the United States in 1994, beginning with the Cooperation Afloat Readiness and Training (CARAT) naval exercises.

While Singapore's goals remained the same, the end of the Cold War did result in a change in U.S. priorities that colored Singapore's perception of the United States to a degree. U.S. foreign policy shifted from the containment of Communism to expanding liberal democracy. Some in Singapore saw this as President Clinton's effort to "find a new enemy."<sup>133</sup> With this change Singapore came under fire for its single party rule, and its controls on political freedoms, the judiciary and the media. The dispute was further fueled in 1994 by the caning of an American teenager for vandalism. In 1995, Prime Minister Goh Chok Tong was denied access to the White House during a trip to the United States for a speech at Williams College. Adding to this tension, the United States' delay in recognizing and dealing with the Asian Financial crisis in 1997 drew criticism from Singapore and other Asian nations, and its use of the IMF and World Bank to force changes in some Asian economies, generated outright resentment in Asia. While these disputes did not rupture the bilateral relationship between Singapore and the United States, they did serve to raise questions about the inviolability of it, and again, brought into question the reliability of the United States as a balancing partner.

Relations between Singapore and China in the 1990s continued with their heavy focus on economic cooperation, and in 1993, they agreed on the joint development of an

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<sup>133</sup> Author's interview, anonymous academic in Singapore, August 23, 2011.

industrial park in Suzhou. Singapore's leaders also began to express a new affinity for Chinese culture during the mid-1990s as a way to counter what it viewed as an increasingly corrosive Western liberal influence in Singaporean society. To that end, they encouraged the use of Mandarin and expounded on the value of Confucian ethics. This represented not only a growing cultural connection between the two states but also a lessening of concern with the reaction from Indonesia and Malaysia, whose relationships with China were also growing. Along with these successes, there were some diplomatic stumbles. In 1995, Singapore's Prime Minister voiced concerns over the Chinese seizure of Mischief Reef, and in 1996 Lee Kuan Yew cautioned China after it launched missile near Taiwan in an effort to influence Taiwan's election.<sup>134</sup> But, by the turn of the century, Singapore had begun to discuss new avenues for cooperation and relations were generally positive.

In a discussion of Singapore's relationship with China, it is important to also characterize its relations with Taiwan. Singapore has recognized a one China policy since its independence but its policies toward Taiwan have been complicated by its relationship with China. Within a week of Singapore's expulsion from the Malaysian Federation, Taipei officially recognized Singapore's statehood. Singapore welcomed the recognition but did not officially reciprocate. Relations remained cordial however, and in 1967 Singapore entered into secret discussions with Taipei to allow air force pilots and naval officers to train in Taiwan. This resulted in a 1975 agreement to establish Project Starlight, a program for conducting maintenance, infantry, artillery and armored training inside Taiwan and allowing extended tours for SAF helicopter detachments. Military discussions led to enhanced economic and diplomatic relations. Taiwan established the Office of Trade Representative of the Republic of China in Singapore in 1969, and Lee Kuan Yew conducted his first visit to Taiwan in 1973. These visits were conducted on an annual basis until 1988 although they remained secret until 1985. In the late 1980s and early 1990s, a change in leadership in Taiwan brought about increased hostilities between Beijing and Taipei. Singapore attempted to ease tensions through bilateral engagement and attempts to mediate the conflicts. In 1993, it hosted Cross-Strait talks but there were

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<sup>134</sup> Leifer, *Singapore's Foreign Policy*, 118–121.

few tangible results and the animosity remained. By the end of the 1990s, Singapore's recognition of the importance of China and the leadership's growing irritation over Taiwan's political antics brought about a cooling in relations with Taipei.<sup>135</sup>

The preceding analysis demonstrates that Singapore's Cold War and early post-Cold War foreign policies were based on finding pragmatic solutions to the challenges that faced them. Singapore's leaders have not been constrained by domestic politics or ideological considerations, and with the continued dominance of the People's Action Party, that is unlikely to change. What are changing are the challenges. Its priorities have historically been based around mitigating threats from its neighbors through self-strengthening and engagement with great powers. In its early years, its affinity for nonalignment was a product of its need for recognition. Once that was secured, it shifted toward a policy of encouraging U.S. involvement in the region prompted by the threat from Soviet expansion into Southeast Asia. At the end of the Cold War, it continued to pursue relations with the United States out of both institutional inertia, and a sense of uncertainty rather than as a way of balancing against a specific threat.

### **C. SINGAPORE'S TWENTY FIRST CENTURY RELATIONS**

The last decade brought about considerable changes, especially in Asia. The balance of power has begun to shift, as discussed in Chapter III. There has also been steady improvement in Singapore's relations with Malaysia and Indonesia through the continued success of ASEAN, which both diminishes the perceived threat from these countries and reduces the constraints it placed in the past on Singapore's relationship with China. In fact, there are no immediate threats to Singapore's security. While Chinese power is growing, its lack of aggressive intentions and geographic separation from Singapore make it only an indirect threat to Singapore if its actions create instability or

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<sup>135</sup> Alan Chong, "Singapore's Relations with Taiwan 1965–2005: From Cold War Coalition to Friendship Under Beijing's Veto," in *Ensuring Interests: Dynamics of China-Taiwan Relations and Southeast Asia*, ed. Ho Khai Leong and Hou Kok Chung, 177–199 (Kuala Lumpur: Institute of Chinese Studies, 2006), 180–182.

interrupt the flow of commerce. In this environment, and led by rational pragmatic leaders, Singapore has sought out the relationships that provide it with the greatest benefit, not necessarily the greatest security.

Having long pursued trade relations with both the United States and China, Singapore's trade policies toward those countries did not shift significantly in the last decade. It has signed free trade agreements with both countries (in 2004 with the United States and in 2008 with China). But, there is a growing discrepancy in the trade and investment between each dyad. In 2000, Singapore's two-way trade with the United States was around \$76 billion and had increased to \$78 billion in 2010, with a high of \$90 billion in 2006. In contrast, Singapore's trade with China has grown from \$22 billion to \$95 billion in the same time period to become Singapore's second largest trading partner behind Malaysia.

Singapore has also found China to be a useful destination for excess capital. Its foreign direct investment in China grew from \$16 billion in 2000 to almost \$60 billion in 2009 and accounted for nearly 16% of Singapore's total FDI abroad. By comparison, the United States' received only \$12 billion in FDI in 2009, up from \$6 billion in 2000. U.S. FDI into Singapore in 2009 of \$57 billion still dwarfs China's contribution of \$9.3 billion but the Chinese role continues to grow, and if you factor in Chinese investment from Hong Kong of \$15.4 billion, the disparity becomes smaller.<sup>136</sup> Singapore and China continue to explore further industrial park development in China and Singapore maintains provincial business councils in seven Chinese provinces. Chinese companies are establishing operations in Singapore as well, and as of 2008, Chinese banks are allowed to invest in Singapore stocks.<sup>137</sup> These numbers demonstrate Singapore's growing reliance on the Chinese economy to sustain Singapore's economic growth. They are not so much a product of government economic policies, though the Singaporean government

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<sup>136</sup> Singapore Department of Statistics, *Yearbook of Statistic Singapore, 2011*, (Singapore: Ministry of Trade and Industry, Republic of Singapore), available at [www.singstat.gov.sg](http://www.singstat.gov.sg).

<sup>137</sup> K. Kesavapany, "ASEAN's Political and Security Development and Singapore-China Relations," *Paper Presented to Third China-Singapore Forum* (April 17–18, 2008).



does encourage Chinese investment, but they do reflect the growing appeal of China's larger market and its geographic proximity to Singaporean investors.<sup>138</sup>

Despite the occasional row with Singapore over human rights and political freedoms in the 1990s, the United States' still maintained a strong diplomatic relationship with Singapore in 2000. But, the terrorist attacks on 9/11 once again altered U.S. priorities in region. It immediately shifted its attention toward operations in Afghanistan and prosecuting the Global War on Terror. Singapore was briefly engaged in these efforts when a terrorist cell that planned to attack U.S. citizens at an MRT station was uncovered in Singapore in December 2001, but the United States concentrated its efforts in Southeast Asia on Jemaah Islamiyah cells and their supporters in Indonesia, Malaysia and the Philippines. While these policies were well received in the Philippines, the war on terror was viewed by Indonesia, and to some degree by Malaysia, as largely a war on the Muslim religion. This animosity complicated Singapore's close association with the United States. Diplomatic exchanges between the two countries slowed during this period and Singapore's leaders expressed frustration with the United States. As the war on terror began to transform into a pursuit to spread liberal democracy with the invasion of Iraq in 2003, the United States renewed the liberal democracy rhetoric from the 1990s that had irritated Singapore's leaders. The beginning of troop withdrawals in Iraq and Afghanistan allowed the United States to reengage with Southeast Asia and improved diplomatic relations with Singapore, but actions like the 2010 addition of Singapore to the State Department's human trafficking watchlist continue to hinder relations and bring into question the United States' dependability as a balancing partner.

Having gotten a much later start, Singapore's diplomatic relationship with China was much less robust than its relationship with the United States at the turn of the century but while the United States prosecuted the war on terror, Chinese leaders engaged in a more active diplomacy with Singapore, and Singaporean leaders responded with enthusiasm. In 2000, China and Singapore signed a bilateral framework agreement calling for frequent high level exchanges and adherence to the basic norms of the UN

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<sup>138</sup> Author's interview, anonymous academic in Singapore, August 23, 2011.

charter and the ASEAN Treaty of Amity and Cooperation, and throughout the last decade they have conducted frequent ministerial level meetings as well as working groups to discuss economic, cultural and security issues.<sup>139</sup> In 2003, the two nations established the Joint Council Meeting for Bilateral Cooperation (JCBC) that brought bilateral cooperation efforts under one organization. Since that time, these exchanges have expanded and become more frequent. The two countries have signed agreements on educational cooperation, science and technology, cultural cooperation and the establishment of a Confucius Institute in Singapore. China continues to consult with Singapore on economic development issues and to study how Singapore's ruling PAP party maintains power.<sup>140</sup> In 2009, President Hu Jintao travelled to Singapore and met with Singapore's leaders before the APEC summit. It was the first visit of a Chinese President to Singapore since 1994. During the visit, he called for a further advance in bilateral relations, and not insignificantly, agreed to loan Singapore two giant pandas in 2011 to mark 20 years of Chinese Singapore relations.<sup>141</sup>

Military cooperation in each of these bilateral relations is of particular note. The United States security relationship with Singapore remains robust. Singapore's longstanding relationship with the U.S. Navy was strengthened in 2001 when it completed the facilities at Changyi Naval base that allowed U.S. Aircraft carriers to dock pier side, the only such facility in Southeast Asia. Following the attacks on 9/11, Singapore offered additional military support to the U.S. It has provided refueling and logistics support to coalition forces in the Arabian Gulf since 2003 and has small detachments that operate in Afghanistan alongside other coalition forces.<sup>142</sup> It has also participated in counter piracy operations in the Gulf of Aden, taking the rotating command of the task force in July 2011.

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<sup>139</sup> Carlyle A. Thayer, "China's International Security Cooperation Diplomacy and Southeast Asia," *Southeast Asia and China: A North South Relationship of a New Kind* (San Diego, CA, March 25, 2006).

<sup>140</sup> Kesavapany, "ASEAN's Political and Security Development," 7–9.

<sup>141</sup> Singapore Ministry of Foreign Affairs, *Foreign Policy Northeast Asia*, March 2011, <http://www.mfa.gov.sg> (accessed March 13, 2011).

<sup>142</sup> Jane's Defence & Security Intelligence & Analysis, *Singapore External Affairs*, November 5, 2010, <http://jmsa.janes.com.libproxy.nps.edu/JDIC/JMSA/taxDrill.do?treeNode=0070+External+Affairs&treeName=JdicCassRoot&isLastLevel=true> (accessed March 16, 2011).

Singapore continues to contribute forces for regional and bilateral exercises with the United States. Singapore participates in the U.S. led Southeast Asia Cooperation Against Terrorism (SEACAT) exercise with four other Southeast Asian nations that began in 2002 and focuses on maritime interception and cooperation. It continues to support Cope Tiger, a trilateral exercise with the United States and Thailand, and the Cooperation Afloat Readiness and Training (CARAT) exercise expanded in 2010 to incorporate U.S. fast attack submarines for the first time.<sup>143</sup> Singapore also maintains aircraft at various locations around the United States that it uses to conduct training and has purchased a number of advanced aircraft from the United States including the F-15, F-16 and AH-64.<sup>144</sup> The two countries updated the 1990 MOU in 2005 signing a Strategic Framework Agreement that pledged cooperation on counter-proliferation and counter-terrorism and updated the renewed the 1990 agreement on the use of military facilities.<sup>145</sup> Most recently they entered discussions on the stationing of two of the U.S. Navy's Littoral Combat Ships at Changyi Naval Base.

Singapore's military engagement with China early on was limited. In the late 1990s and early 2000s, there were few exchanges between the senior defense officials of either country and only three ship visit exchanges. In 2005, the Singapore Defense Minister visited China, his first visit since 1997.<sup>146</sup> During that visit, and a reciprocal visit in 2006, they began to explore ways to enhance their bilateral military cooperation. These meetings led to the 2008 establishment of an annual China-Singapore Defense Dialogue and the signing of the first agreement for defense exchanges and security cooperation. The agreement formalized military operational and education exchanges, senior visits and reciprocal port calls and implemented humanitarian relief and disaster

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<sup>143</sup> Defense News, *Singapore-U.S. Training Achieves New Standards During CARAT*, June 23, 2009, <http://www.defencetalk.com/singapore-us-training-achieves-new-standards-during-carat-20037/> (accessed March 16, 2011).

<sup>144</sup> Richard A. Bitzinger, "A New Arms Race? Explaining Recent Southeast Asian Military Acquisitions," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 32, no. 1 (April 2010): 50–69.; Jane's, *Singapore External Affairs*.

<sup>145</sup> Ibid..

<sup>146</sup> Thayer, "China's International Security Cooperation."

assistance exchanges.<sup>147</sup> This formal agreement was a major transition in the Sino-Singapore defense relationship and led directly to a bilateral exercise in 2009, Cooperation 2009, in which 60 Singapore Armed Forces (SAF) personnel conducted counter-terrorism training with their PLA counterparts in southern China. The exercise is expected to be repeated and to grow in scale.<sup>148</sup> Singapore has also hosted a number of PLAN and CMS vessels for training exchanges. Singapore and China continue to dialogue on 'nontraditional' security exchanges but, through frequent dialogues with China's military and defense establishment, both sides have pledged to expand this relationship.

It is finally worth exploring Singapore's changing relationship with Taiwan for clues about how China is influencing Singapore in this area. Singapore's military training arrangement with Taiwan reached its peak in the late 1990s but that relationship has dwindled since.<sup>149</sup> In 2002, China offered Singapore the use of similar facilities on Hainan Island. Singapore turned this offer down, but since then it has made significant efforts to downplay what little training it still conducts on Taiwan.<sup>150</sup> In 2003, there was speculation that Singapore had requested advanced notice of a PRC military operation against Taiwan in order to allow the SAF to relocate its forces that further enflamed relations with Taipei.<sup>151</sup> In 2004, Beijing's strong response to the visit of Singapore's Prime Minister-designate Lee Hsien Loong to Taiwan shocked Singapore. In order to mend relations, Singapore's Prime Minister made a statement warning that a move by Taiwan toward independence could start a war that would devastate Taiwan, which was later repeated by Singapore's Foreign Minister at the UN General Assembly and generated protests from the Taiwan government. This was followed in 2005 by denying

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<sup>147</sup> Russell Hsiao, "China and Singapore Sign First Defense and Security Agreement," *China Brief*, February 4, 2008.

<sup>148</sup> Jane's Defence & Security Intelligence & Analysis, *Singapore External Affairs*.

<sup>149</sup> Ernest Z. Bower and Charles Freeman, "Singapore's Tightrope Walk on Taiwan," *ABS-CBN News*, August 19, 2010, <http://www.abs-cbnnews.com/insights/08/18/10/singapores-tightrope-walk-taiwan> (accessed March 3, 2011).

<sup>150</sup> Taipei Times, *Singapore Military Ties Now a 'Threat'*, April 23, 2002, <http://www.taipeitimes.com/News/taiwan/archives/2002/04/23/0000133008> (accessed March 11, 2011).

<sup>151</sup> Chong, "Singapore's Relations with Taiwan, 193.

two Taiwan frigates permission to conduct port calls in Singapore. The relationship between Taiwan and Singapore has improved with the 2008 election of Taiwan President Ma Ying-jeou and his policies of engagement with China, but the last decade is a testament to the growing influence that Beijing has exercised over Singapore's relationship with Taiwan.

#### **D. CONCLUSION**

A look at the last decade shows that Singapore remains deeply interconnected with the U.S., but many of these areas of cooperation are carried over from their earlier relationship. Since 2000, Singapore's political and economic relations with China show far greater relative growth and emphasis on the part of Singapore as a result of China's increasing importance to Singapore's economic strength. Singapore's foreign policy, so long driven by overcoming vulnerability, cannot afford to ignore its growing economic vulnerability with respect to China and the shifting balance of power in Asia and is acting to negotiate the most beneficial arrangements available at a time when traditional threats have largely been mitigated.

The ambiguity of Singapore's policy toward China, so frequently described as hedging, is actually enabled by its geography. Singapore's distance from both the United States and China has been to its advantage. Singapore is not viewed as a threat to either power, and that allows Singapore greater flexibility in its approach to both diplomatic and security relationships. Unlike Finland's uncertain situation with the Soviet Union, the separation from both the United States and the PRC allows Singapore to expand its security relationship with both nations without threatening the other. Its geographic distance also diminishes the threat posed by China which both encourages further engagement with China and allows Singapore to continue its relationship with the United States without fear of reprisals. This has allowed a slow and careful process of negotiating alignment while it watches which way the international winds are blowing. This demonstrates the importance of proximity in determining threat as well in enabling diplomatic flexibility as Walt outlined in his discussion on bandwagoning.

Is this a viable long-term approach? That is less certain and depends to a large degree on the relationship between the United States and China. If the relationship remains amicable, and the United States remains engaged in Asia, Singapore can continue to pursue this approach. In this context, it is interesting to note that despite its deep reservations about the Soviet Naval presence in Southeast Asia in the 1970s, it maintained a commercial relationship with the Soviet Union that included providing repair facilities for merchant vessels that supported the Soviet Pacific Fleet.<sup>152</sup> This speaks again to the importance of geography and also to the practicality of Singapore's foreign policy. As in the 1970s, these policies provide Singapore the best of both worlds, allowing it to pursue wider engagement while avoiding becoming entrapped or abandoned. The strategy balances Singapore concerns over a declining U.S. presence and its greatest fear about China, that it could "dissolve into anarchy" resulting in a refugee crisis and instability.<sup>153</sup> In both cases, Singapore's choice for alignment is clear. But, should conflict erupt, Singapore will find it difficult to continue straddling this line. Its importance to U.S. Naval operations in the Pacific will make it necessary to choose sides and from this analysis it is unclear which side it will come down on.

A quote from Lee Kuan Yew in 1981 sums up Singapore's current strategy as well. "In an imperfect world, we have to search for the best accommodation possible. And no accommodation is permanent. If it lasts long enough for progress to be made until the next set of arrangements can be put into place, let us be grateful for it."<sup>154</sup>

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<sup>152</sup> Leifer, *Singapore's Foreign Policy*, 103.

<sup>153</sup> Ibid., 120.

<sup>154</sup> Lee Kuan Yew, quoted in Leifer, *Singapore's Foreign Policy*, 103

## **VI. CONCLUSION**

This thesis has attempted to explain how Singapore and Vietnam are reacting to the change in the balance of power in Asia using a new framework. The framework adopted was based on the proposition that states balance against threats to their security. This outlined the motivation for balancing but the parsimonious nature of this theory left it lacking in real explanatory value as to how they balance or what actions they take when the threat is either uncertain or simply not present. To address this, additional conditions that influence both the speed and the nature of that balancing were applied. Threats do not typically emerge overnight. It characterizes alignment choices and alignment implementation as a negotiation between states, whereby, when states are confronted with a growing threat they engage with other states in an attempt to create the most beneficial alignment options to balance against the threat before beginning to abrogate the arrangements with the threatening state. As the threat grows larger, the urgency to negotiate these arrangements becomes greater and therefore states begin to fully behave as balance of threat would predict. In the absence of a threat or when a threat is uncertain, states are likely to distribute their alignment through broad international engagement. This allows them to seek out the most advantageous arrangements while avoiding settling on a particular alignment that may not be necessary and could leave the state entrapped or abandoned when a threat emerges or becomes more obvious

Because these actions are not an immediate response and occur over time, they can be slowed by internal or external constraints. Internally, domestic politics can have some affect. While leadership changes in a state do not change the structure of the system, they can change the way that other state's intentions are perceived, and therefore, lead states to identify different sources of threat as the most pressing. External constraints also make a difference in two ways. First, by looking at the alignment processes as a series of negotiations the existence of institutions becomes important. The need to not only identify new institutions that provide the same benefits as those enjoyed with the emerging threat and the difficulty in decoupling those institutions will slow states ability to balance against the threat. Finally, when threats emerge suddenly or states are slow to

take action to balance against a threat a state can be caught in a situation where the attempt to negotiate a new alignment is seen as too provocative toward the threat state. In this case, states can be severely constrained from balancing through coercive diplomacy by the threat state.

Having developed this theory, it was then applied to the historical example of Finland, and then used to attempt to explain the policies of Vietnam and Singapore. In the following section, each case study is reviewed and the major takeaways are highlighted.

#### **A. FINLAND**

Finland's World War II, Cold War and post-Cold War policies validate much of this theory. Chapter II finds that, fundamentally, Finland pursued policies that were intended to balance against the dominant threat but that these attempts were constrained in some of the ways laid out above. Its pre-World War II policy of engagement with both the Soviet Union and Germany demonstrate the importance of being able to identify the threat and also validates the idea that, in the absence of such clarity, states pursue the broadest possible engagement to prevent becoming entrapped or abandoned. The rapid changes in alignment in Finland's World War II policies show how clearly defined and immediate threats reduce the importance of constraints. Finland's Cold War policies are the most interesting test of this theory. At face value, Finland's appeasement of the Soviet Union appears to be bandwagoning behavior. However, by looking at Finland's policies *throughout* the Cold War, as Finland began to reach out to the West beginning in the 1950 and slowly expanded that engagement over the next 40 years, Finland's behavior can be interpreted as a severely constrained attempt to balance the Soviet Union. This confirms the idea that balancing against threats is the dominant motivating force in alignment and also questions the long-term resiliency of bandwagoning alignments.

A final lesson learned from the examination of Finland concerns that way in which these alignment negotiations are undertaken. Perhaps it is a function of the coercive situation that Finland found itself in during the Cold War, but Finland's efforts to align with the West proceeded in series of measured steps with one type of engagement leading to another. In Finland's case it shows a hierarchy of foreign policies



that begins with diplomatic engagement, leading to economic engagement and finally to security cooperation. This demonstrates how the presence of a threat can restrict the flexibility of a state's foreign policy due to fears of provoking the very power that states are attempting to balance against.

## **B. VIETNAM**

The examination of Vietnam's policies through this slightly altered viewpoint does much to contend with the often-used description of Southeast Asian foreign policy as hedging. Vietnam's foreign policies coincide strongly with the ways in which balance of threat would predict but also offer new, somewhat different interpretations. Vietnam's foreign policies in the years immediately after its unification demonstrate not only the influence of threats but also the importance of balancing options. Vietnam approached both the United States and the Soviet Union to negotiate changes in the alignment structure but found the first door closed and so chose to balance with the only legitimate choice available. Emerging from the Cold War, Vietnam found its external environment to be much less threatening. This not only enabled, but also encouraged Vietnam to expand the aperture of its foreign policy and negotiate the best possible alternatives to counter the economic problems that were becoming the largest threat to the Vietnamese leadership's legitimacy. These efforts though were in many ways limited by the political wrangling between the conservatives and the modernizers.

The efforts to counter that internal threat did not direct Vietnam toward a single balancing partner; it simply encouraged Vietnam to engage more broadly throughout most of the 1990s and the beginning of the 2000s. By the mid-2000s, however, as Chinese actions in the South China Sea began to threaten Vietnamese economic growth, Vietnam's integration with countries like Russia, India, Japan and the United States deepened. Rather than balance against this growing threat with a specific balancing power, Vietnam chose a strategy of distributing its balancing arrangements among multiple regional powers. This strategy enables Vietnam to balance against China while

avoiding becoming dependent on a single power and becoming entrapped or abandoned. The growing multipolarity in the international system facilitated this choice, but it did not dictate it.

### **C. SINGAPORE**

Singapore's long-term alignment with the United States has become one of the cornerstones of its foreign policy. This alignment choice was driven initially to balance the threat of its immediate neighbors Malaysia and Indonesia and later to balance against the threat posed by the spread of communism and Soviet influence in Southeast Asia. Its choice of the United States as a balancing partner was a function of both the United States' distance from Southeast Asia, which made it a more benign power, and a limited number of balancing options available. The only two options for balancing Soviet influence in Asia were the United States and China. But, while the Soviet threat dominated Singapore's strategic considerations, regional concerns lingered and would have been intensified had Singapore thought to balance with China. Despite that, as the United States began its withdrawal from Southeast Asia in the mid-1970s, Singapore's move toward China reflected the fact that the Soviet Union remained the dominant threat. That move also demonstrated the importance that the availability of credible alignment options in deciding how threats influence foreign policy. The United States involvement in countering the Vietnamese invasion of Cambodia effectively restored that credibility and Singapore resumed its alignment with the United States.

The end of the Cold War also brought an end to Vietnam's occupation of Cambodia and the threat from communism that it embodied. Additionally, the deepening relationship of ASEAN helped to substantially lessen the threat posed to Singapore by Malaysia and Indonesia. This relaxation allowed Singapore to broaden its foreign policy and approach China for more formal arrangements without fear of regional reprisals. The growth of Chinese power in the last decade has done little to change this behavior. In fact, Singapore has expanded these efforts. Singapore's physical distance from China and its lack of existing or historical disputes allow Singapore to view China as a relatively benign power, which does not threaten Singapore directly. In this context, relatively free

from internal or external threat, Singapore is able to pursue arrangements with other states that offer the greatest benefit. It has been able to continue its relationship with the United States, which offers Singapore the greatest security benefits at the least cost, while stepping up its economic engagement with China, which offers it the greatest economic benefit, without fear of drawing retribution from either power.

## **D. IMPLICATIONS**

The analysis of these two states as well as the broader look at how alignments are negotiated provides several prescriptions for U.S. policy in Asia and the world.

### **1. Importance of Balancing Alternatives**

In all three cases above, the choice of alignment was in some way shaped by the availability of alignment partners. Vietnam's approach toward the Soviet Union and the United States as issues with China became an increasingly larger threat illustrate this. The lack of interest from the United States, driven primarily on a policy of communist containment, drove Vietnam toward the only credible balancing partner available. The same motivation drove Singapore toward a closer relationship with China in the mid-1970s, only in this case the argument is more nuanced. The United States' had not refused to continue its relationship with Singapore, nor had it lost any significant portion of its military capabilities. What the United States did lose, in Singapore's eyes, was its perception as a credible balancing partner. The implication of this is obvious, and the Obama Administration seems to have come to the same conclusion. In order to present itself as a credible alternative balancing partner, and therefore encourage states that may come to view China as a threat to align with the United States, it must remain engaged in Asia. The United States complicates the strategic calculations of the states in the region when it becomes distracted or attempts to implement policies like linking trade with human rights that lead these states to question U.S. commitment and intentions. This in turn leads to a delay in the alignment process due to concerns about becoming abandoned.

## **2. Effect of Multi-polarity**

While the cases presented here examined alignment choice largely as choice between China and the United States, the growing multi-polarity of the international structure is increasingly broadening the options for states to choose when balancing against a threat. The case of Vietnam points to this in particular through its use of a more distributed system of balancing that does not rely on just a single power for security. Multi-polarity allows a greater range of alignment options and the growing preference for alignment over more formal alliances adds to this flexibility by reducing the institutional constraints created by more formalized structures. This growing availability of credible balancing options and the flexibility to choose among them may create delays in balancing behavior as states are disinclined to settle on a particular alignment arrangement when multiple options remain. This may also eventually lead to more transitory alignments of convenience that may reduce the dependability of the alignment partnership. For the United States, the implications for this are twofold. First, the potentially transitory nature of these alignments means that the United States cannot rest on its laurels in its existing alignments, nor should it shy away from seeking new arrangements with states that have been unresponsive in the past. The second implication is less prescriptive and more predictive. If states become increasingly inclined to pursue the type of relationships with the regional powers that Vietnam has, it may ultimately dilute overall U.S. influence, but it may also create the type of interdependence in security relations that is now more often discussed in terms of economics.

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